

# House File 692

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1 3 AN ACT  
1 4 CONCERNING REGULATORY, TAXATION, AND STATUTORY REQUIREMENTS  
1 5 AFFECTING INDIVIDUALS AND BUSINESS RELATING TO TAXATION OF  
1 6 PROPERTY, INCOME AND UTILITIES, LIABILITY REFORM, WORKERS'  
1 7 COMPENSATION, FINANCIAL SERVICES, UNEMPLOYMENT COMPENSATION  
1 8 EMPLOYER SURCHARGES, ECONOMIC DEVELOPMENT, AND INCLUDING  
1 9 EFFECTIVE DATE, APPLICABILITY, AND RETROACTIVE APPLICABILITY  
1 10 PROVISIONS.  
1 11  
1 12 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
1 13  
1 14 DIVISION I  
1 15 PROPERTY TAXATION  
1 16 Section 1. Section 441.19, subsections 1 and 2, Code 2003,  
1 17 are amended to read as follows:  
1 18 1. Supplemental and optional to the procedure for the  
1 19 assessment of property by the assessor as provided in this  
1 20 chapter, the assessor may require from all persons required to  
1 21 list their property for taxation as provided by sections 428.1  
1 22 and 428.2, a supplemental return to be prescribed by the  
1 23 director of revenue and finance upon which the person shall  
1 24 list the person's property and any additions or modifications  
1 25 completed in the prior year to a structure located on the  
1 26 property. The supplemental return shall be in substantially  
1 27 the same form as now prescribed by law for the assessment  
1 28 rolls used in the listing of property by the assessors. Every  
1 29 person required to list property for taxation shall make a  
1 30 complete listing of the property upon supplemental forms and  
1 31 return the listing to the assessor ~~as promptly as possible~~  
1 32 within thirty days of receiving the assessment notice in  
1 33 section 441.23. The return shall be verified over the  
1 34 signature of the person making the return and section 441.25  
1 35 applies to any person making such a return. The assessor  
2 1 shall make supplemental return forms available as soon as  
2 2 practicable after the first day of January of each year. The  
2 3 assessor shall make supplemental return forms available to the  
2 4 taxpayer by mail, or at a designated place within the taxing  
2 5 district.  
2 6 2. Upon receipt of such supplemental return from any  
2 7 person the assessor shall prepare a roll assessing such person  
2 8 as hereinafter provided. In the preparation of such  
2 9 assessment roll the assessor shall be guided not only by the  
2 10 information contained in such supplemental roll, but by any  
2 11 other information the assessor may have or which may be  
2 12 obtained by the assessor as prescribed by the law relating to  
2 13 the assessment of property. The assessor shall not be bound  
2 14 by any values or square footage determinations or purchase  
2 15 prices as listed in such supplemental return, and may include  
2 16 in the assessment roll any property omitted from the  
2 17 supplemental return which in the knowledge and belief of the  
2 18 assessor should be listed as required by law by the person  
2 19 making the supplemental return. Upon completion of such roll  
2 20 the assessor shall deliver to the person submitting such  
2 21 supplemental return a copy of the assessment roll, either  
2 22 personally or by mail.  
2 23 Sec. 2. NEW SECTION. 441.20 LEGISLATIVE INTENT.  
2 24 It is the intent of the general assembly that there be  
2 25 transparency in the property tax system. It is further the  
2 26 intent of the general assembly that property assessments for  
2 27 purposes of property taxation be equal and uniform within  
2 28 classes of property. It is further the intent of the general  
2 29 assembly to minimize the impact that maintenance and upkeep by  
2 30 the owner of property has on the assessment of that property  
2 31 and that there be predictability in increases of property  
2 32 assessments and that such predictability be based primarily on  
2 33 the actions of the property owner. It is further the intent  
2 34 of the general assembly to minimize the impact that increases  
2 35 in assessed value of property will have on property taxes paid  
3 1 and that any increases will be primarily the result of direct  
3 2 action taken by the local taxing authority in setting budget  
3 3 amounts rather than by increases in market value of property.  
3 4 Sec. 3. Section 441.21, Code 2003, is amended by striking  
3 5 the section and inserting in lieu thereof the following:

3 6 441.21 ASSESSMENT OF STRUCTURES.

3 7 1. All real property, except land, subject to taxation  
3 8 shall be assessed on a value per square foot basis according  
3 9 to the provisions of this section.

3 10 2. a. Subject to paragraph "b", for valuations  
3 11 established as of January 1, 2006, and for subsequent  
3 12 assessment years, the assessed value per square foot of a  
3 13 residential structure shall be an amount equal to the  
3 14 valuation of the structure as determined for the assessment  
3 15 year beginning January 1, 2005, prior to application of the  
3 16 assessment limitation for that year, divided by the total  
3 17 number of square feet of the structure as of January 1, 2005.

3 18 b. (1) The assessed value per square foot of an existing  
3 19 residential structure purchased after January 1, 2005, shall  
3 20 be the purchase price of the structure divided by the  
3 21 cumulative inflation factor established for the assessment  
3 22 year following the year of purchase, divided by the total  
3 23 number of square feet of the structure as of January 1 of the  
3 24 assessment year. The assessed value per square foot of a  
3 25 residential structure newly constructed after January 1, 2005,  
3 26 shall be the market value of the structure, as determined by  
3 27 the assessor, divided by the cumulative inflation factor  
3 28 established for the assessment year following the year  
3 29 construction was completed, divided by the total number of  
3 30 square feet of the structure as of January 1 of the assessment  
3 31 year. However, when valuing an addition that substantially  
3 32 increases the square footage of a structure, only that portion  
3 33 of the structure comprising the addition shall be valued by  
3 34 the assessor under this subparagraph.

3 35 (2) If additions or modifications to an existing structure  
4 1 do not constitute a newly constructed structure, the valuation  
4 2 of the structure shall only increase if the square footage of  
4 3 the structure increases. The increased valuation, if any,  
4 4 equals the amount of increased square feet times the value per  
4 5 square foot of the structure prior to the additions or  
4 6 modifications.

4 7 3. a. Subject to paragraph "b" for valuations established  
4 8 as of January 1, 2006, and for subsequent assessment years,  
4 9 the assessed value per square foot of a commercial or  
4 10 industrial structure shall be an amount equal to the valuation  
4 11 of the structure as determined for the assessment year  
4 12 beginning January 1, 2005, prior to application of the  
4 13 assessment limitation for that year, divided by the total  
4 14 number of square feet of the structure as of January 1, 2005.

4 15 b. (1) The assessed value per square foot of an existing  
4 16 commercial or industrial structure purchased after January 1,  
4 17 2005, shall be the purchase price of the structure divided by  
4 18 the cumulative inflation factor established for the assessment  
4 19 year following the year of purchase, divided by the total  
4 20 number of square feet of the structure as of January 1 of the  
4 21 assessment year. The assessed value per square foot of a  
4 22 commercial or industrial structure newly constructed after  
4 23 January 1, 2005, shall be the market value of the structure,  
4 24 as determined by the assessor, divided by the cumulative  
4 25 inflation factor established for the assessment year following  
4 26 the year construction was completed, divided by the total  
4 27 number of square feet of the structure as of January 1 of the  
4 28 assessment year. However, when valuing an addition that  
4 29 substantially increases the square footage of a structure,  
4 30 only that portion of the structure comprising the addition  
4 31 shall be valued by the assessor under this subparagraph.

4 32 (2) If additions or modifications to an existing structure  
4 33 do not constitute a newly constructed structure, the valuation  
4 34 of the structure shall only increase if the square footage of  
4 35 the structure increases. The increased valuation, if any,  
5 1 equals the amount of increased square feet times the value per  
5 2 square foot of the structure prior to the additions or  
5 3 modifications.

5 4 4. a. Subject to paragraph "b" for valuations established  
5 5 as of January 1, 2006, and for subsequent assessment years,  
5 6 the assessed value per square foot of an agricultural  
5 7 structure that is not an agricultural dwelling shall be an  
5 8 amount equal to the valuation of the structure as determined  
5 9 for the assessment year beginning January 1, 2005, prior to  
5 10 application of the assessment limitation for that year,  
5 11 divided by the total number of square feet of the structure as  
5 12 of January 1, 2005.

5 13 b. (1) The assessed value per square foot of an existing  
5 14 agricultural structure purchased after January 1, 2005, shall  
5 15 be the productivity value of the structure divided by the  
5 16 cumulative inflation factor established for the assessment

5 17 year following the year of purchase, divided by the total  
5 18 number of square feet of the structure as of January 1 of the  
5 19 assessment year. The assessed value per square foot of an  
5 20 agricultural structure newly constructed after January 1,  
5 21 2005, shall be the productivity value of the structure for the  
5 22 assessment year following the year construction was completed,  
5 23 as determined by the assessor, divided by the cumulative  
5 24 inflation factor established for the assessment year following  
5 25 the year construction was completed, divided by the total  
5 26 number of square feet of the structure as of January 1 of the  
5 27 assessment year. However, when valuing an addition that  
5 28 substantially increases the square footage of a structure,  
5 29 only that portion of the structure comprising the addition  
5 30 shall be valued by the assessor under this subparagraph.

5 31 (2) If additions or modifications to an existing structure  
5 32 do not constitute a newly constructed structure, the valuation  
5 33 of the structure shall only increase if the square footage of  
5 34 the structure increases. The increased valuation, if any,  
5 35 equals the amount of increased square feet times the value per  
6 1 square foot of the structure prior to the additions or  
6 2 modifications.

6 3 5. a. In determining the market value of newly  
6 4 constructed property, except agricultural structures, the  
6 5 assessor may determine the value of the property using uniform  
6 6 and recognized appraisal methods including its productive and  
6 7 earning capacity, if any, industrial conditions, its cost,  
6 8 physical and functional depreciation and obsolescence and  
6 9 replacement cost, and all other factors which would assist in  
6 10 determining the fair and reasonable market value of the  
6 11 property but the actual value shall not be determined by use  
6 12 of only one such factor. The following shall not be taken  
6 13 into consideration: special value or use value of the  
6 14 property to its present owner, and the goodwill or value of a  
6 15 business that uses the property as distinguished from the  
6 16 value of the property as property. However, in assessing  
6 17 property that is rented or leased to low-income individuals  
6 18 and families as authorized by section 42 of the Internal  
6 19 Revenue Code, as amended, and which section limits the amount  
6 20 that the individual or family pays for the rental or lease of  
6 21 units in the property, the assessor shall use the productive  
6 22 and earning capacity from the actual rents received as a  
6 23 method of appraisal and shall take into account the extent to  
6 24 which that use and limitation reduces the market value of the  
6 25 property. The assessor shall not consider any tax credit  
6 26 equity or other subsidized financing as income provided to the  
6 27 property in determining the market value. Upon adoption of  
6 28 uniform rules by the department of revenue and finance  
6 29 covering assessments and valuations of such properties, the  
6 30 valuation on such properties shall be determined in accordance  
6 31 with such values for assessment purposes to assure uniformity,  
6 32 but such rules shall not be inconsistent with or change the  
6 33 foregoing means of determining the market value.

6 34 b. The actual value of special purpose tooling, which is  
6 35 subject to assessment and taxation as real property under  
7 1 section 427A.1, subsection 1, paragraph "e", but which can be  
7 2 used only to manufacture property which is protected by one or  
7 3 more United States or foreign patents, shall not exceed the  
7 4 fair and reasonable exchange value between a willing buyer and  
7 5 a willing seller, assuming that the willing buyer is  
7 6 purchasing only the special purpose tooling and not the patent  
7 7 covering the property which the special purpose tooling is  
7 8 designed to manufacture nor the rights to manufacture the  
7 9 patented property. For purposes of this paragraph, special  
7 10 purpose tooling includes dies, jigs, fixtures, molds,  
7 11 patterns, and similar property. The assessor shall not take  
7 12 into consideration the special value or use value to the  
7 13 present owner of the special purpose tooling which is designed  
7 14 and intended solely for the manufacture of property protected  
7 15 by a patent in arriving at the actual value of the special  
7 16 purpose tooling.

7 17 c. In determining the purchase price of a structure, the  
7 18 assessor shall consider whether the sale was a fair and  
7 19 reasonable exchange in the year in which the property was  
7 20 listed and valued between a willing buyer and a willing  
7 21 seller, neither being under any compulsion to buy or sell and  
7 22 each being familiar with all the facts relating to the  
7 23 particular property. Sale prices of the property or  
7 24 comparable property in normal transactions reflecting market  
7 25 value, and the probable availability or unavailability of  
7 26 persons interested in purchasing the property, shall be taken  
7 27 into consideration in determining purchase price. In

7 28 determining purchase price, sale prices of property in  
7 29 abnormal transactions not reflecting market value shall not be  
7 30 taken into account, or shall be adjusted to eliminate the  
7 31 effect of factors which distort market value, including but  
7 32 not limited to sales to immediate family of the seller,  
7 33 foreclosure or other forced sales, contract sales, or  
7 34 discounted purchase transactions.

7 35 d. If a county enters into a contract before May 1, 2003,  
8 1 for a comprehensive revaluation by a private appraiser and  
8 2 such revaluation is for the assessment year beginning January  
8 3 1, 2006, the valuations determined under the comprehensive  
8 4 revaluation for that assessment year shall be divided by the  
8 5 cumulative inflation factor for the assessment year beginning  
8 6 January 1, 2006, and that quotient shall be considered the  
8 7 valuation of the property for the assessment year beginning  
8 8 January 1, 2005.

8 9 6. Notwithstanding any other provision of this section,  
8 10 the assessed value per square foot of a structure times the  
8 11 total number of square feet of the structure shall not exceed  
8 12 its fair and reasonable market value for the assessment year,  
8 13 except for agricultural structures which shall be valued  
8 14 exclusively as provided in subsection 4.

8 15 7. For purposes of this section:

8 16 a. "Annual inflation factor" means an index, expressed as  
8 17 a percentage, determined by the department by January 15 of  
8 18 the assessment year for which the factor is determined, which  
8 19 reflects the purchasing power of the dollar as a result of  
8 20 inflation during the twelve-month period ending September 30  
8 21 of the calendar year preceding the assessment year for which  
8 22 the factor is determined. In determining the annual inflation  
8 23 factor, the department shall use the annual percent change,  
8 24 but not less than zero percent, in the gross domestic product  
8 25 price deflator computed for the calendar year by the bureau of  
8 26 economic analysis of the United States department of commerce  
8 27 and shall add all of that percent change to one hundred  
8 28 percent. The annual inflation factor and the cumulative  
8 29 inflation factor shall each be expressed as a percentage  
8 30 rounded to the nearest one-tenth of one percent. The annual  
8 31 inflation factor shall not be less than one hundred percent.  
8 32 The annual inflation factor for the 2005 calendar year is one  
8 33 hundred percent.

8 34 b. "Cumulative inflation factor" means the product of the  
8 35 annual inflation factor for the 2005 calendar year and all  
9 1 annual inflation factors for subsequent calendar years as  
9 2 determined pursuant to this subsection. The cumulative  
9 3 inflation factor applies to the assessment year beginning on  
9 4 January 1 of the calendar year for which the latest annual  
9 5 inflation factor has been determined.

9 6 c. "Newly constructed" includes, but is not limited to,  
9 7 structural replacement, additions that substantially increase  
9 8 the square footage, conversion into another class of property,  
9 9 and conversion from exempt property under section 427.1 to  
9 10 taxable property. For commercial and industrial property,  
9 11 "newly constructed" also includes an addition or removal to a  
9 12 structure of personal property taxed as real estate under  
9 13 chapter 427A.

9 14 d. "Structure" means any part of that which is built or  
9 15 constructed, an edifice or building of any kind, or any piece  
9 16 of work artificially built up or composed of parts joined  
9 17 together in some definite manner. For residential structures,  
9 18 structure includes only those parts of the structure,  
9 19 including basements and attics, that are or could be used as  
9 20 living space. "Structure" does not include the land beneath,  
9 21 or horizontal improvements relating to the structure, such as  
9 22 sidewalks, sewers, or retaining walls.

9 23 8. For the purpose of computing the debt limitations for  
9 24 municipalities, political subdivisions, and school districts,  
9 25 the term "actual value" means the "actual value" as determined  
9 26 under this section without application of any percentage  
9 27 reduction and entered opposite each item, and as listed on the  
9 28 tax list as provided in section 443.2, as "actual value".

9 29 Whenever any board of review or other tribunal changes the  
9 30 assessed value of property, all applicable records of  
9 31 assessment shall be adjusted to reflect such change in both  
9 32 assessed value and actual value of such property.

9 33 9. The provisions of this chapter and chapters 443, 443A,  
9 34 and 444 shall be subject to legislative review at least once  
9 35 every five years. The review shall be based upon a property  
10 1 tax status report containing the recommendations of a property  
10 2 tax implementation committee appointed to conduct a review of  
10 3 the land tax, square footage tax, the baseline assessment for

10 4 the square footage tax, and other related provisions, to be  
10 5 prepared with the assistance of the departments of management  
10 6 and revenue and finance. The report shall include  
10 7 recommendations for changes or revisions based upon  
10 8 demographic changes and property tax valuation fluctuations  
10 9 observed during the preceding five-year interval, and a  
10 10 summary of issues that have arisen since the previous review  
10 11 and potential approaches for their resolution. The first such  
10 12 report shall be submitted to the general assembly no later  
10 13 than January 1, 2010, with subsequent reports developed and  
10 14 submitted by January 1 at least every fifth year thereafter.

10 15 Sec. 4. NEW SECTION. 441.21A PROPERTY CLASSIFICATIONS.

10 16 1. a. Agricultural land shall be valued at its  
10 17 productivity value. The productivity value of agricultural  
10 18 land shall be determined on the basis of productivity and net  
10 19 earning capacity of the land determined on the basis of its  
10 20 use for agricultural purposes capitalized at a rate of seven  
10 21 percent and applied uniformly among counties and among classes  
10 22 of property. Any formula or method employed to determine  
10 23 productivity and net earning capacity of land shall be adopted  
10 24 in full by rule.

10 25 b. In counties or townships in which field work on a  
10 26 modern soil survey has been completed since January 1, 1949,  
10 27 the assessor shall place emphasis upon the results of the  
10 28 survey in spreading the valuation among individual parcels of  
10 29 such agricultural land.

10 30 c. "Agricultural land" includes the land of a vineyard.

10 31 2. a. "Residential property" includes all lands and  
10 32 buildings which are primarily used or intended for human  
10 33 habitation, including those buildings located on agricultural  
10 34 land. Buildings used primarily or intended for human  
10 35 habitation shall include the dwelling as well as structures  
11 1 and improvements used primarily as a part of, or in  
11 2 conjunction with, the dwelling. This includes but is not  
11 3 limited to garages, whether attached or detached, tennis  
11 4 courts, swimming pools, guest cottages, and storage sheds for  
11 5 household goods. Residential property located on agricultural  
11 6 land shall include only buildings.

11 7 b. "Residential property" includes all land and buildings  
11 8 of multiple housing cooperatives organized under chapter 499A  
11 9 and includes land and buildings used primarily for human  
11 10 habitation which land and buildings are owned and operated by  
11 11 organizations that have received tax-exempt status under  
11 12 section 501(c)(3) of the Internal Revenue Code and rental  
11 13 income from the property is not taxed as unrelated business  
11 14 income under section 422.33, subsection 1A.

11 15 c. "Residential property" includes an apartment in a  
11 16 horizontal property regime referred to in chapter 499B which  
11 17 is used or intended for use for human habitation regardless of  
11 18 who occupies the apartment. Existing structures shall not be  
11 19 converted to a horizontal property regime unless applicable  
11 20 building code requirements have been met.

11 21 d. Buildings for human habitation that are used as  
11 22 commercial ventures, including but not limited to hotels,  
11 23 motels, rest homes, and structures containing three or more  
11 24 separate living quarters shall not be considered residential  
11 25 property.

11 26 Sec. 5. Section 441.23, Code 2003, is amended to read as  
11 27 follows:

11 28 441.23 NOTICE OF VALUATION.

11 29 If there has been an increase or decrease in the valuation  
11 30 of the property, or upon the written request of the person  
11 31 assessed, the assessor shall, at the time of making the  
11 32 assessment, inform the person assessed, in writing, of the  
11 33 valuation put upon the taxpayer's property, and notify the  
11 34 person, if the person feels aggrieved, to appear before the  
11 35 board of review and show why the assessment should be changed.

12 1 However, if the valuation of ~~a class of agricultural property~~  
12 2 is uniformly decreased, the assessor may notify the affected  
12 3 property owners by publication in the official newspapers of  
12 4 the county. The owners of real property shall be notified not  
12 5 later than April 15 of any adjustment of the real property  
12 6 assessment. The notification shall include a supplemental  
12 7 return form for the person to list the person's property and  
12 8 any additions or modifications completed in the prior year to  
12 9 a structure located on the property, as required in section  
12 10 441.19.

12 11 Sec. 6. Section 441.24, Code 2003, is amended to read as  
12 12 follows:

12 13 441.24 REFUSAL TO FURNISH STATEMENT.

12 14 1. If a person refuses to furnish the verified statements

12 15 required in connection with the assessment of property by the  
12 16 assessor, or to list the corporation's or person's property,  
12 17 the director of revenue and finance, or assessor, as the case  
12 18 may be, shall proceed to list and assess the property  
12 19 according to the best information obtainable, and shall add to  
12 20 the ~~taxable agricultural land and square footage~~ valuation one  
12 21 hundred percent thereof, which valuation and penalty shall be  
12 22 separately shown, and shall constitute the assessment; and if  
12 23 the ~~agricultural land or square footage~~ valuation of the  
12 24 property is changed by a board of review, or on appeal from a  
12 25 board of review, a like penalty shall be added to the  
12 26 valuation thus fixed.

12 27 2. However, all or part of the penalty imposed under this  
12 28 section may be waived by the board of review upon application  
12 29 to the board by the assessor or the property owner. The  
12 30 waiver or reduction in the penalty shall be allowed only on  
12 31 the ~~agricultural land or the square footage~~ valuation of ~~real~~  
12 32 ~~property the structure~~ against which the penalty has been  
12 33 imposed.

12 34 Sec. 7. Section 441.26, unnumbered paragraph 3, Code 2003,  
12 35 is amended to read as follows:

13 1 The notice in ~~1981~~ 2007 and each odd-numbered year  
13 2 thereafter shall contain a statement that ~~the agricultural~~  
13 3 ~~property assessments and property assessed pursuant to section~~  
13 4 ~~441.21, subsection 2, paragraph "b", subparagraph (1), and~~  
13 5 ~~subsection 3, paragraph "b", subparagraph (1),~~ are subject to  
13 6 equalization pursuant to an order issued by the director of  
13 7 revenue and finance, that the county auditor shall give notice  
13 8 on or before October 15 by publication in an official  
13 9 newspaper of general circulation to any ~~class of agricultural~~  
13 10 property affected by the equalization order, and that the  
13 11 board of review shall be in session from October 15 to  
13 12 November 15 to hear protests of affected property owners or  
13 13 taxpayers whose valuations have been adjusted by the  
13 14 equalization order.

13 15 Sec. 8. Section 441.26, unnumbered paragraphs 4 and 5,  
13 16 Code 2003, are amended to read as follows:

13 17 The assessment rolls shall be used in listing the property,  
13 18 ~~the number of structures, and the total square footage of the~~  
13 19 ~~structures by class of property, and showing the values~~  
13 20 ~~affixed to agricultural land and the assessed value per square~~  
13 21 ~~foot affixed to the property the structures by class of~~

13 22 ~~property~~ of all persons assessed. The rolls shall be made in  
13 23 duplicate. The duplicate roll shall be signed by the  
13 24 assessor, detached from the original and delivered to the  
13 25 person assessed if there has been an increase or decrease in  
13 26 the valuation of the property. If there has been no change in  
13 27 the evaluation, the information on the roll may be printed on  
13 28 computer stock paper and preserved as required by this  
13 29 chapter. If the person assessed requests in writing a copy of  
13 30 the roll, the copy shall be provided to the person. The pages  
13 31 of the assessor's assessment book shall contain columns ruled  
13 32 and headed for the information required by this chapter and  
13 33 that which the director of revenue and finance deems essential  
13 34 in the equalization work of the director. The assessor shall  
13 35 return all assessment rolls and schedules to the county  
14 1 auditor, along with the completed assessment book, as provided  
14 2 in this chapter, and the county auditor shall carefully keep  
14 3 and preserve the rolls, schedules and book for a period of  
14 4 five years from the time of its filing in the county auditor's  
14 5 office.

14 6 Beginning with valuations for January 1, ~~1977~~ 2006, and  
14 7 each succeeding year, for each parcel of ~~agricultural~~ property  
14 8 ~~and for each structure~~ entered in the assessment book, the  
14 9 assessor shall list the classification of the property.

14 10 Sec. 9. Section 441.35, subsection 1, Code 2003, is  
14 11 amended by striking the subsection.

14 12 Sec. 10. Section 441.35, unnumbered paragraph 2, Code  
14 13 2003, is amended by striking the unnumbered paragraph.

14 14 Sec. 11. Section 441.36, Code 2003, is amended to read as  
14 15 follows:

14 16 441.36 CHANGE OF ASSESSMENT == NOTICE.

14 17 All changes in assessments authorized by the board of  
14 18 review, and reasons therefor, shall be entered in the minute  
14 19 book kept by ~~said~~ the board and on the assessment roll. ~~Said~~  
14 20 ~~The~~ minute book shall be filed with the assessor after the  
14 21 adjournment of the board of review and shall at all times be  
14 22 open to public inspection. In case the value of any specific  
14 23 property ~~or structure~~ or the entire assessment of any person,  
14 24 partnership, or association is increased, or new property ~~or a~~  
14 25 ~~new structure~~ is added by the board, the clerk shall give

14 26 immediate notice thereof by mail to each at the post=office  
14 27 address shown on the assessment rolls, and at the conclusion  
14 28 of the action of the board therein the clerk shall post an  
14 29 alphabetical list of those whose assessments are thus raised  
14 30 and added, in a conspicuous place in the office or place of  
14 31 meeting of the board, and enter upon the records a statement  
14 32 that such posting has been made, which entry shall be  
14 33 conclusive evidence of the giving of the notice required. The  
14 34 board shall hold an adjourned meeting, with at least five days  
14 35 intervening after the posting of ~~said the~~ notices, before  
15 1 final action with reference to the raising of assessments or  
15 2 the adding of property or structures to the rolls is taken,  
15 3 and the posted notices shall state the time and place of  
15 4 holding such adjourned meeting, which time and place shall  
15 5 also be stated in the proceedings of the board.

15 6 Sec. 12. Section 441.37, subsection 1, paragraphs a and b,  
15 7 Code 2003, are amended to read as follows:

15 8 a. That ~~said the~~ assessment is not equitable as compared  
15 9 with assessments of other like property or structures in the  
15 10 taxing district. When this ground is relied upon as the basis  
15 11 of a protest the legal description and assessments of a  
15 12 representative number of comparable ~~properties~~ structures, as  
15 13 described by the aggrieved taxpayer shall be listed on the  
15 14 protest, otherwise ~~said the~~ protest shall not be considered on  
15 15 this ground.

15 16 b. That the property or structure is assessed for more  
15 17 than the value authorized by law, stating the specific amount  
15 18 which the protesting party believes the property or structure  
15 19 to be overassessed, and the amount which the party considers  
15 20 to be its actual value and the amount the party considers a  
15 21 fair assessment.

15 22 Sec. 13. Section 441.39, Code 2003, is amended to read as  
15 23 follows:

15 24 441.39 TRIAL ON APPEAL.

15 25 The court shall hear the appeal in equity and determine  
15 26 anew all questions arising before the board which relate to  
15 27 the liability of the property or structure to assessment or  
15 28 the amount thereof. The court shall consider all of the  
15 29 evidence and there shall be no presumption as to the  
15 30 correctness of the ~~valuation of~~ assessment appealed from. Its  
15 31 decision shall be certified by the clerk of the court to the  
15 32 county auditor, and the assessor, who shall correct the  
15 33 assessment books accordingly.

15 34 Sec. 14. Section 441.42, Code 2003, is amended to read as  
15 35 follows:

16 1 441.42 APPEAL ON BEHALF OF PUBLIC.

16 2 Any officer of a county, city, township, drainage district,  
16 3 levee district, or school district interested or a taxpayer  
16 4 thereof may in like manner make complaint before ~~said the~~  
16 5 board of review in respect to the assessment of any property  
16 6 or structure in the township, drainage district, levee  
16 7 district or city and an appeal from the action of the board of  
16 8 review in fixing the amount of assessment on any property or  
16 9 structure concerning which such complaint is made, may be  
16 10 taken by any of such aforementioned officers.

16 11 Such appeal is in addition to the appeal allowed to the  
16 12 person whose property or structure is assessed and shall be  
16 13 taken in the name of the county, city, township, drainage  
16 14 district, levee district, or school district interested, and  
16 15 tried in the same manner, except that the notice of appeal  
16 16 shall also be served upon the owner of the property or  
16 17 structure concerning which the complaint is made and affected  
16 18 thereby or person required to return said property or  
16 19 structure for assessment.

16 20 Sec. 15. Section 441.43, Code 2003, is amended to read as  
16 21 follows:

16 22 441.43 POWER OF COURT.

16 23 Upon trial of any appeal from the action of the board of  
16 24 review fixing the amount of assessment upon any property or  
16 25 structure concerning which complaint is made, the court may  
16 26 increase, decrease, or affirm the amount of the assessment  
16 27 appealed from.

16 28 Sec. 16. Section 441.45, subsections 1 and 2, Code 2003,  
16 29 are amended to read as follows:

16 30 1. The number of acres of land and the aggregate taxable  
16 31 values of the agricultural land, ~~exclusive of city lots,~~  
16 32 returned by the assessors, as corrected by the board of  
16 33 review.

16 34 2. The aggregate values of structures and the taxable  
16 35 square footage values of real estate structures by class in  
17 1 each township and city in the county and the aggregate value

17 2 of agricultural land in each township and city in the county,  
17 3 returned as corrected by the board of review.  
17 4 Sec. 17. Section 441.47, Code 2003, is amended by adding  
17 5 the following new unnumbered paragraph:  
17 6 NEW UNNUMBERED PARAGRAPH. For the assessment year  
17 7 beginning January 1, 2007, and for all subsequent assessment  
17 8 years, only property classified as agricultural property and  
17 9 property assessed pursuant to section 441.21, subsection 2,  
17 10 paragraph "b", subparagraph (1), and subsection 3, paragraph  
17 11 "b", subparagraph (1), shall be subject to equalization by the  
17 12 director of revenue and finance under this section and  
17 13 sections 441.48 and 441.49.

17 14 Sec. 18. NEW SECTION. 441.47A EQUALIZATION OF INFLATION  
17 15 FACTORS.  
17 16 The director of revenue and finance on or about August 15,  
17 17 2007, and every two years thereafter, shall order the  
17 18 equalization of the assessed value per square foot resulting  
17 19 from the application of the cumulative inflation factor in the  
17 20 several assessing jurisdictions in each case as may be  
17 21 necessary to bring such values as fixed by the assessor in  
17 22 cases of purchases of property and newly constructed property  
17 23 to the values determined for the assessment year beginning  
17 24 January 1, 2005. In equalizing the effects of the application  
17 25 of the cumulative inflation factor, the department shall make  
17 26 use of reports issued by Iowa state university of science and  
17 27 technology which reports shall more precisely indicate, on a  
17 28 county-by-county basis, annual and cumulative inflation  
17 29 factors for each county. If the cumulative inflation factor  
17 30 for an assessing jurisdiction as reported by Iowa state  
17 31 university of science and technology is five percent above or  
17 32 below the cumulative inflation factor as defined in section  
17 33 441.21, subsection 7, the director shall notify the assessor  
17 34 by mail of the equalization of the effects of the cumulative  
17 35 inflation factor for the assessing jurisdiction. The assessor  
18 1 shall recompute the assessments made pursuant to section  
18 2 441.21, subsection 2, paragraph "b", subparagraph (1),  
18 3 subsection 3, paragraph "b", subparagraph (1), and subsection  
18 4 4, paragraph "b", subparagraph (1), by applying the equalized  
18 5 inflation factor. The assessor shall send notice of the  
18 6 equalized assessments to all affected property owners.

18 7 Sec. 19. Section 441.50, Code 2003, is amended to read as  
18 8 follows:  
18 9 441.50 APPRAISERS EMPLOYED.  
18 10 The conference board shall have power to employ appraisers  
18 11 or other technical or expert help to assist in the ~~valuation~~  
18 12 assessment of property as provided in section 441.21, the cost  
18 13 thereof to be paid in the same manner as other expenses of the  
18 14 assessor's office. The conference board may certify for levy  
18 15 annually an amount not to exceed forty and one-half cents per  
18 16 thousand dollars of assessed value of taxable property for the  
18 17 purpose of establishing a special appraiser's fund, to be used  
18 18 only for such purposes. From time to time the conference  
18 19 board may direct the transfer of any unexpended balance in the  
18 20 special appraiser's fund to the assessment expense fund.

18 21 Sec. 20. Section 443.1, Code 2003, is amended to read as  
18 22 follows:  
18 23 443.1 CONSOLIDATED TAX.  
18 24 All square footage taxes which are uniform throughout any  
18 25 township or school district shall be formed into a single tax  
18 26 and entered upon the tax list in a single column, to be known  
18 27 as a consolidated tax, and each receipt shall show the  
18 28 percentage levied for each separate fund. The land tax shall  
18 29 be separately stated and each receipt shall show the  
18 30 percentage levied for each separate fund.

18 31 Sec. 21. Section 443.2, Code 2003, is amended to read as  
18 32 follows:  
18 33 443.2 TAX LIST.  
18 34 Before the first day of July in each year, the county  
18 35 auditor shall transcribe the assessments of the townships and  
19 1 cities into a book or record, to be known as the tax list,  
19 2 properly ruled and headed, with separate columns, in which  
19 3 shall be entered the names of the taxpayers, descriptions of  
19 4 lands, number of acres and value, numbers of city lots, their  
19 5 size in acres, and value, and each description of the square  
19 6 footage tax and the land tax, with a column for polls and one  
19 7 for payments, and shall complete it by entering the amount due  
19 8 on each installment, separately, and carrying out the total of  
19 9 both installments. The total of all columns of each page of  
19 10 each book or other record shall balance with the tax totals.  
19 11 After computing the amount of land tax and square footage tax  
19 12 due and payable on each property, the county auditor shall



19 13 round the total amount of ~~tax taxes~~ due and payable on the  
19 14 property to the nearest even whole dollar.

19 15 The county auditor shall list the aggregate actual value  
19 16 and the aggregate taxable value of all taxable property within  
19 17 the county and each political subdivision including property  
19 18 subject to the statewide property tax imposed under section  
19 19 437A.18 on the tax list in order that the actual value of the  
19 20 taxable property within the county or a political subdivision  
19 21 may be ascertained and shown by the tax list for the purpose  
19 22 of computing the debt-incurring capacity of the county or  
19 23 political subdivision. As used in this section, "actual  
19 24 value" is the value determined under section 441.21,  
19 25 subsections 1 to 3, Code 2005, prior to the reduction to a  
19 26 percentage of actual value as otherwise provided in section  
19 27 441.21, Code 2005. "Actual value" of property subject to  
19 28 statewide property tax is the assessed value under section  
19 29 437A.18.

19 30 Sec. 22. Section 443.3, Code 2003, is amended to read as  
19 31 follows:

19 32 443.3 CORRECTION == TAX APPORTIONED.

19 33 At the time of transcribing ~~said the~~ assessments into the  
19 34 tax list, the county auditor shall correct all transfers up to  
19 35 date and place the legal descriptions of all real estate in  
20 1 the name of the owner at ~~said that~~ date as shown by the  
20 2 transfer book in the auditor's office. At the end of the list  
20 3 for each township or city the auditor shall make an abstract  
20 4 thereof, and apportion the consolidated tax among the  
20 5 respective funds to which it belongs, according to the amounts  
20 6 levied for each. The auditor shall apportion the land tax as  
20 7 prescribed in section 443A.2.

20 8 Sec. 23. Section 443.6, Code 2003, is amended to read as  
20 9 follows:

20 10 443.6 CORRECTIONS BY AUDITOR.

20 11 The auditor may correct any error in the assessment or tax  
20 12 list, and the assessor or auditor may list for taxation any  
20 13 omitted land and may assess and list for taxation any omitted  
20 14 property structure.

20 15 Sec. 24. Section 443.7, Code 2003, is amended to read as  
20 16 follows:

20 17 443.7 NOTICE.

20 18 Before listing for taxation any omitted land and before  
20 19 assessing and listing for taxation any omitted ~~property~~  
20 20 structure, the assessor or auditor shall notify by mail the  
20 21 person in whose name the ~~property~~ land or structure is taxed,  
20 22 to appear before the assessor or auditor at the assessor's or  
20 23 auditor's office within ten days from the date of the notice  
20 24 and show cause, if any, why the correction or assessment  
20 25 should not be made.

20 26 Sec. 25. Section 443.9, Code 2003, is amended to read as  
20 27 follows:

20 28 443.9 ADJUSTMENT OF ACCOUNTS.

20 29 If such correction or assessment is made after the books or  
20 30 other records approved by the ~~state~~ auditor of state have  
20 31 passed into the hands of the treasurer, the treasurer shall be  
20 32 charged or credited therefor as the case may be. In the event  
20 33 such listing of omitted land or listing and assessment of  
20 34 omitted ~~property structure~~ is made by the assessor after the  
20 35 tax records have passed into the hands of the auditor or  
21 1 treasurer, such correction or assessment shall be entered on  
21 2 the records by the auditor or treasurer.

21 3 Sec. 26. Section 443.12, Code 2003, is amended to read as  
21 4 follows:

21 5 443.12 CORRECTIONS BY TREASURER.

21 6 When ~~property~~ land or a structure subject to taxation is  
21 7 withheld, overlooked, or from any other cause is not listed,  
21 8 or is not listed and assessed, the county treasurer shall,  
21 9 when apprised thereof, at any time within two years from the  
21 10 date at which such listing and assessment should have been  
21 11 made, demand of the person, firm, corporation, or other party  
21 12 by whom the same should have been listed, or to whom it should  
21 13 have been listed and assessed, or of the administrator  
21 14 thereof, the amount the ~~property~~ land or structure should have  
21 15 been taxed in each year the same was so withheld or overlooked  
21 16 and not listed or not listed and assessed, together with six  
21 17 percent interest thereon from the time the taxes would have  
21 18 become due and payable had such ~~property~~ land been listed or  
21 19 such structure been listed and assessed.

21 20 Sec. 27. Section 443.13, Code 2003, is amended to read as  
21 21 follows:

21 22 443.13 ACTION BY TREASURER == APPORTIONMENT.

21 23 Upon failure to pay such sum within thirty days, with all

21 24 accrued interest, the treasurer shall cause an action to be  
21 25 brought in the name of the treasurer for the use of the proper  
21 26 county, to be prosecuted by the county attorney, or such other  
21 27 person as the board of supervisors may appoint, and when such  
21 28 property land has been fraudulently withheld from listing or  
21 29 such structure fraudulently withheld from listing and  
21 30 assessment, there shall be added to the sum found to be due a  
21 31 penalty of fifty percent upon the amount, which shall be  
21 32 included in the judgment. The amount thus recovered shall be  
21 33 by the treasurer apportioned ratably as the taxes would have  
21 34 been if they had been paid according to law.

21 35 Sec. 28. Section 443.14, Code 2003, is amended to read as  
22 1 follows:  
22 2 443.14 DUTY OF TREASURER.  
22 3 The treasurer shall assess any ~~real property structure and~~  
22 4 ~~shall list the acreage of any land~~ subject to taxation which  
22 5 may have been omitted by the assessor, board of review, or  
22 6 county auditor, and collect taxes thereon, and in such cases  
22 7 shall note, opposite the tract or lot assessed, the words "by  
22 8 treasurer".

22 9 Sec. 29. Section 443.15, Code 2003, is amended to read as  
22 10 follows:  
22 11 443.15 TIME LIMIT.  
22 12 The assessment shall be made within two years after the tax  
22 13 list shall have been delivered to the treasurer for  
22 14 collection, and not afterwards, if the property land or  
22 15 structure is then owned by the person who should have paid the  
22 16 tax.

22 17 Sec. 30. Section 443.17, Code 2003, is amended to read as  
22 18 follows:  
22 19 443.17 PRESUMPTION OF TWO-YEAR OWNERSHIP.  
22 20 In any action or proceeding, now pending or hereafter  
22 21 brought, to recover taxes upon property land not listed or  
22 22 agricultural land or a structure not listed and assessed for  
22 23 taxation during the lifetime of any decedent, it shall be  
22 24 presumed that any property, any evidence of ownership of  
22 25 property, and any evidence of a promise to pay, owned by a  
22 26 decedent at the date of the decedent's death, had been  
22 27 acquired and owned by such decedent more than two years before  
22 28 the date of the decedent's death; and the burden of proving  
22 29 that any such property had been acquired by such decedent less  
22 30 than two years before the date of the decedent's death shall  
22 31 be upon the heirs, legatees, and legal representatives of any  
22 32 such decedent.

22 33 Sec. 31. Section 443.18, Code 2003, is amended to read as  
22 34 follows:  
22 35 443.18 REAL ESTATE == DUTY OF OWNER.  
23 1 In all cases where ~~real estate land~~ subject to taxation has  
23 2 not been listed or agricultural land or a structure subject to  
23 3 taxation has not been listed and assessed, the owner, or an  
23 4 agent of the owner, shall have the same done by the treasurer,  
23 5 and pay the taxes thereon; and if the owner fails to do so the  
23 6 treasurer shall list or list and assess the same and collect  
23 7 the tax assessed as the treasurer does other taxes.

23 8 Sec. 32. Section 443.19, Code 2003, is amended to read as  
23 9 follows:  
23 10 443.19 IRREGULARITIES, ERRORS AND OMISSIONS == EFFECT.  
23 11 ~~No~~ A failure of the owner to have such property land listed  
23 12 or agricultural land or structure listed and assessed or to  
23 13 have the errors in the listing or assessment corrected, and ~~no~~  
23 14 an irregularity, error or omission in the listing of such land  
23 15 or listing and assessment of such property agricultural land  
23 16 or structure, shall not affect in any manner the legality of  
23 17 the taxes levied thereon, or affect any right or title to such  
23 18 ~~real estate property~~ which would have accrued to any party  
23 19 claiming or holding under and by virtue of a deed executed by  
23 20 the treasurer as provided by this title, had the listing and  
23 21 assessment of such property been in all respects regular and  
23 22 valid.

23 23 Sec. 33. Section 443.21, Code 2003, is amended to read as  
23 24 follows:  
23 25 443.21 ASSESSMENTS CERTIFIED TO COUNTY AUDITOR.  
23 26 All assessors and assessing bodies, including the  
23 27 department of revenue and finance having authority over the  
23 28 listing of land or listing and assessment of property  
23 29 agricultural land and structures for tax purposes shall  
23 30 certify to the county auditor of each county the number of  
23 31 acres of land and the assessed values of agricultural land and  
23 32 structures for all the taxable property in such county as  
23 33 finally ~~equalized and~~ determined, and the same shall be  
23 34 transcribed onto the tax lists as required by section 443.2.

23 35 Sec. 34. Section 443.22, Code 2003, is amended to read as  
24 1 follows:

24 2 443.22 UNIFORM ASSESSMENTS MANDATORY.

24 3 All assessors and assessing bodies, including the  
24 4 department of revenue and finance having authority over the  
24 5 listing of land and listing and assessment of property  
24 6 agricultural land and structures for tax purposes, shall  
24 7 comply with sections 428.4, 428.29, 434.15, 438.13, 441.21,  
24 8 and 441.45. The department of revenue and finance, having  
24 9 authority over the listing and assessments, shall exercise its  
24 10 powers and perform its duties under section 421.17 and other  
24 11 applicable laws so as to require the uniform and consistent  
24 12 application of ~~said that~~ section.

24 13 Sec. 35. NEW SECTION. 443A.1 LAND TAX.

24 14 Effective for the fiscal year beginning July 1, 2007, and  
24 15 all subsequent fiscal years, a land tax shall be imposed  
24 16 against each acre or portion of an acre of land in a county.

24 17 Sec. 36. NEW SECTION. 443A.2 APPORTIONMENT OF LAND TAX.

24 18 1. The land tax for each county shall be apportioned as  
24 19 follows:

24 20 In the unincorporated area of the county, the land tax  
24 21 shall be distributed to the county, the school district  
24 22 located in the unincorporated area of the county, and other  
24 23 taxing entities located in the unincorporated area of the  
24 24 county in the same proportion that property taxes levied in  
24 25 the unincorporated area of the county for the fiscal year  
24 26 beginning July 1, 2006, were allocated to those entities.

24 27 In the incorporated areas of the county, the land tax shall  
24 28 be distributed to the city, the county, each school district  
24 29 located within the city, and other taxing entities located  
24 30 within the city in the same proportion that property taxes  
24 31 levied in the city for the fiscal year beginning July 1, 2006,  
24 32 were allocated to those entities.

24 33 2. The city finance committee and the county finance  
24 34 committee shall jointly determine the adjustments to be made  
24 35 to the allocation of the land tax in the case of boundary  
25 1 adjustments made to a taxing district on or after January 1,  
25 2 2006.

25 3 3. After the auditor has computed the amount of land tax  
25 4 to be distributed to each taxing district, the auditor shall  
25 5 compute the rate of tax to be levied upon the square footage  
25 6 valuation of structures pursuant to chapter 444.

25 7 Sec. 37. Section 444.1, Code 2003, is amended to read as  
25 8 follows:

25 9 444.1 BASIS FOR AMOUNT OF TAX.

25 10 In all taxing districts in the state, including townships,  
25 11 school districts, cities and counties, when by law then  
25 12 existing the people are authorized to determine by vote, or  
25 13 officers are authorized to estimate or determine, a rate of  
25 14 taxation required for any public purpose, such rate shall in  
25 15 all cases be estimated and based upon the amount of land tax  
25 16 available to the district and the adjusted taxable square  
25 17 footage valuation of such taxing district for the preceding  
25 18 calendar year.

25 19 Sec. 38. Section 444.2, Code 2003, is amended to read as  
25 20 follows:

25 21 444.2 AMOUNTS CERTIFIED IN DOLLARS.

25 22 When an authorized square footage tax rate within a taxing  
25 23 district, including townships, school districts, cities and  
25 24 counties, has been thus determined as provided by law, the  
25 25 officer or officers charged with the duty of certifying the  
25 26 authorized rate to the county auditor or board of supervisors  
25 27 shall, before certifying the rate, compute upon the adjusted  
25 28 taxable square footage valuation of the taxing district for  
25 29 the preceding fiscal year, the amount of tax the rate will  
25 30 raise, stated in dollars, and shall certify the computed  
25 31 amount in dollars and not by rate, to the county auditor and  
25 32 board of supervisors and shall further certify the percentage  
25 33 of such amount to be levied against each class of property.

25 34 Sec. 39. Section 444.3, Code 2003, is amended to read as  
25 35 follows:

26 1 444.3 COMPUTATION OF SQUARE FOOTAGE RATE.

26 2 When the square footage valuations for the several taxing  
26 3 districts shall have been adjusted by the several boards for  
26 4 the current year, and the amount of land tax to be distributed  
26 5 to each taxing district has been deducted from the dollar  
26 6 amounts certified in section 444.2 for each taxing district,  
26 7 the county auditor shall thereupon apply such a rate, ~~not~~  
26 8 ~~exceeding the rate authorized by law, or rates~~ as will raise  
26 9 the amount required for such taxing district, and when  
26 10 combined with the land tax amount will raise an amount not

26 11 exceeding the dollar amount authorized by law for the taxing  
26 12 district, and no will not raise a larger amount. For purposes  
26 13 of computing the square footage rate under this section, the  
26 14 adjusted taxable square footage valuation of the property of a  
26 15 taxing district does not include the valuation of property of  
26 16 a railway corporation or its trustee which corporation has  
26 17 been declared bankrupt or is in bankruptcy proceedings.  
26 18 Nothing in the preceding sentence exempts the property of such  
26 19 railway corporation or its trustee from taxation and the rate  
26 20 computed under this section shall be levied on the taxable  
26 21 property of such railway corporation or its trustee.  
26 22 The square footage tax rate shall be expressed in dollars  
26 23 and cents per one hundred dollars of valuation per square  
26 24 foot.

26 25 Sec. 40. NEW SECTION. 444.9 COMPUTATION OF TAX.

26 26 The amount of tax imposed on any taxable property is the  
26 27 sum of the amounts computed in subsections 1 and 2.

26 28 1. LAND TAX. The product of the land tax rate times the  
26 29 number of acres or portion of an acre of the taxable property.

26 30 2. SQUARE FOOTAGE TAX. The product of the square footage  
26 31 tax rate times the valuation per square foot of the taxable  
26 32 structure times the number of square feet of the taxable  
26 33 structure. The square footage tax shall be computed  
26 34 separately for each structure located on the land.

26 35 Sec. 41. PROPERTY TAX IMPLEMENTATION COMMITTEE.

27 1 1. On or before July 1, 2003, the department of revenue  
27 2 and finance, in consultation with the department of  
27 3 management, shall initiate and coordinate the establishment of  
27 4 a property tax implementation committee and provide staffing  
27 5 assistance to the committee. The property tax implementation  
27 6 committee shall include four members of the general assembly,  
27 7 one each appointed by the majority leader of the senate, the  
27 8 speaker of the house of representatives, the minority leader  
27 9 of the senate, and the minority leader of the house of  
27 10 representatives. The committee shall also include members  
27 11 appointed by the department of revenue and finance  
27 12 representing the department of revenue and finance, the  
27 13 department of management, counties, cities, school districts,  
27 14 local assessors, commercial property taxpayers, industrial  
27 15 property taxpayers, residential property taxpayers, and  
27 16 agricultural property taxpayers, and other appropriate  
27 17 stakeholders. The department may consider participation on  
27 18 the committee of former state officials with expertise in  
27 19 budget and tax policy. The chairpersons of the committee  
27 20 shall be those members of the general assembly appointed by  
27 21 the majority leader of the senate and the speaker of the house  
27 22 of representatives.

27 23 2. The committee shall study and make recommendations  
27 24 relating to the land tax, square footage tax, the baseline  
27 25 assessment for the square footage tax, and other related  
27 26 provisions. The committee shall also study and make  
27 27 recommendations on issues relating to implementation of a land  
27 28 tax and square footage tax, including, but not limited to,  
27 29 whether or not maximum square footage rates and land tax rates  
27 30 should be imposed and, if such rates are recommended, the  
27 31 imposition of rates that have a revenue neutral impact on  
27 32 classes of property, the property tax financing portion of the  
27 33 school funding formula, treatment of current property tax  
27 34 credits and exemptions under a land tax and square footage tax  
27 35 and continued state reimbursement of any credits or

28 1 exemptions, implementation of urban revitalization and urban  
28 2 renewal programs under the land tax and square footage tax,  
28 3 implementation of a payment in lieu of taxes program for local  
28 4 government services, and maintenance of equity among classes  
28 5 of taxpayers and among taxpayers within the same class. The  
28 6 property tax implementation committee shall also study the  
28 7 role of property taxes in funding local government services  
28 8 and the types of services currently funded by property taxes.

28 9 3. The property tax implementation committee shall direct  
28 10 three counties and cities within those counties to submit data  
28 11 as prescribed by the committee. The department of revenue and  
28 12 finance, in consultation with the department of management,  
28 13 shall select the three counties and the cities within those  
28 14 counties that will be required to provide data to the  
28 15 committee. The committee shall devise a system for testing  
28 16 the data, including the necessary computer hardware and  
28 17 software to allow the selected counties and cities to prepare  
28 18 projected budgets, to determine the rates for the land tax and  
28 19 the square footage tax for those projected budgets, and to  
28 20 provide a sampling of the effect on the various classes of  
28 21 property in those jurisdictions. The committee shall use the

28 22 data and the results of the projections to resolve, and make  
 28 23 recommendations relating to, the issues described in  
 28 24 subsection 2, and related issues, in a revenue neutral manner  
 28 25 that will not result in a shift of property tax burden between  
 28 26 classes of property. The committee shall submit to the  
 28 27 general assembly by October 31, 2003, October 31, 2004, and  
 28 28 October 31, 2005, a report for each of those years resolving  
 28 29 the issues in subsection 2 and other related issues for  
 28 30 implementation of this Act. The reports shall include  
 28 31 detailed estimates of the cost to the counties and cities of  
 28 32 providing the data and an estimate of the cost of statewide  
 28 33 implementation of this Act.

28 34 Sec. 42. EFFECTIVE AND APPLICABILITY DATES.

28 35 1. The section of this division of this Act establishing  
 29 1 the property tax implementation committee, being deemed of  
 29 2 immediate importance, takes effect upon enactment.

29 3 2. The remainder of this division of this Act takes effect  
 29 4 July 1, 2005, and applies to assessment years beginning on or  
 29 5 after January 1, 2006, and applies to tax collections for  
 29 6 fiscal years beginning on or after July 1, 2007.

29 7 Sec. 43. FUTURE REPEAL. This division of this Act is  
 29 8 repealed effective June 30, 2005.

29 9 DIVISION II

29 10 INDIVIDUAL INCOME TAX

29 11 2004=2006 TAX YEARS

29 12 Sec. 44. Section 422.5, subsection 1, paragraphs a through  
 29 13 i, Code 2003, are amended to read as follows:

29 14 For tax years beginning  
 29 15 in the calendar year:  
 29 16 2004      2005      2006

29 17 a. On all taxable income from  
 29 18 zero through one thousand dollars,  
 29 19 ~~thirty-six hundredths of one~~  
 29 20 ~~percent~~: ..... .35%      .34%      .32%

29 21 b. On all taxable income exceeding  
 29 22 one thousand dollars but not  
 29 23 exceeding two thousand dollars,  
 29 24 ~~seventy-two hundredths of one~~  
 29 25 ~~percent~~: ..... .70%      .68%      .65%

29 26 c. On all taxable income exceeding  
 29 27 two thousand dollars but not  
 29 28 exceeding four thousand dollars,  
 29 29 ~~two and forty-three hundredths~~  
 29 30 ~~percent~~: ..... 2.36%      2.30%      2.19%

29 31 d. On all taxable income exceeding  
 29 32 four thousand dollars but not  
 29 33 exceeding nine thousand dollars,  
 29 34 ~~four and one-half percent~~: ..... 4.37%      4.27%      4.05%

29 35 e. On all taxable income exceeding  
 30 1 nine thousand dollars but not  
 30 2 exceeding fifteen thousand  
 30 3 dollars, ~~six and twelve hundredths~~  
 30 4 ~~percent~~: ..... 5.94%      5.80%      5.51%

30 5 f. On all taxable income exceeding  
 30 6 fifteen thousand dollars but not  
 30 7 exceeding twenty thousand  
 30 8 dollars, ~~six and forty-eight hundredths~~  
 30 9 ~~percent~~: ..... 6.29%      6.14%      5.84%

30 10 g. On all taxable income exceeding  
 30 11 twenty thousand dollars but not  
 30 12 exceeding thirty thousand  
 30 13 dollars, ~~six and eight-tenths~~  
 30 14 ~~percent~~: ..... 6.60%      6.45%      6.13%

30 15 h. On all taxable income exceeding  
 30 16 thirty thousand dollars but not  
 30 17 exceeding forty-five thousand  
 30 18 dollars, ~~seven and ninety-two hundredths~~  
 30 19 ~~percent~~: ..... 7.68%      7.51%      7.14%

30 20 i. On all taxable income exceeding  
 30 21 forty-five thousand dollars, ~~eight~~  
 30 22 ~~and ninety-eight hundredths~~  
 30 23 ~~percent~~: ..... 8.71%      8.51%      8.09%

30 24 Sec. 45. EFFECTIVE AND APPLICABILITY DATE PROVISIONS.

30 25 This division of this Act takes effect January 1, 2004, for  
 30 26 tax years beginning on or after January 1, 2004, but before  
 30 27 January 1, 2007.

30 28 DIVISION III

30 29 INDIVIDUAL INCOME TAX

30 30 2007 AND SUBSEQUENT TAX YEARS

30 31 Sec. 46. Section 422.5, subsection 1, paragraphs a through  
 30 32 i, Code 2003, are amended to read as follows:

30 33 For tax years beginning  
 30 34 in the calendar year:  
 30 35 2007 and subsequent  
 31 1 calendar years  
 31 2 a. On all taxable income from  
 31 3 zero through one thousand dollars,  
~~31 4 thirty-six hundredths of one~~  
~~31 5 percent.:~~ ..... 31%  
 31 6 b. On all taxable income exceeding  
 31 7 one thousand dollars but not  
 31 8 exceeding two thousand dollars,  
~~31 9 seventy-two hundredths of one~~  
~~31 10 percent.:~~ ..... 62%  
 31 11 c. On all taxable income exceeding  
 31 12 two thousand dollars but not  
 31 13 exceeding four thousand dollars,  
~~31 14 two and forty-three hundredths~~  
~~31 15 percent.:~~ ..... 2.09%  
 31 16 d. On all taxable income exceeding  
 31 17 four thousand dollars but not  
 31 18 exceeding nine thousand dollars,  
~~31 19 four and one-half percent.:~~ ..... 3.87%  
 31 20 e. On all taxable income exceeding  
 31 21 nine thousand dollars but not  
 31 22 exceeding fifteen thousand  
 31 23 dollars, ~~six and twelve hundredths~~  
~~31 24 percent.:~~ ..... 5.26%  
 31 25 f. On all taxable income exceeding  
 31 26 fifteen thousand dollars but not  
 31 27 exceeding twenty thousand  
 31 28 dollars, ~~six and forty-eight hundredths~~  
~~31 29 percent.:~~ ..... 5.57%  
 31 30 g. On all taxable income exceeding  
 31 31 twenty thousand dollars but not  
 31 32 exceeding thirty thousand  
 31 33 dollars, ~~six and eight-tenths~~  
~~31 34 percent.:~~ ..... 5.84%  
 31 35 h. On all taxable income exceeding  
 32 1 thirty thousand dollars but not  
 32 2 exceeding forty-five thousand  
 32 3 dollars, ~~seven and ninety-two hundredths~~  
~~32 4 percent.:~~ ..... 6.80%  
 32 5 i. On all taxable income exceeding  
 32 6 forty-five thousand dollars, ~~eight~~  
~~32 7 and ninety-eight hundredths~~  
~~32 8 percent.:~~ ..... 7.71%  
 32 9 Sec. 47. EFFECTIVE AND APPLICABILITY DATE PROVISIONS.  
 32 10 This division of this Act takes effect January 1, 2007, for  
 32 11 tax years beginning on or after January 1, 2007.  
 32 12 DIVISION IV  
 32 13 INDIVIDUAL INCOME TAX  
 32 14 2007 AND SUBSEQUENT TAX YEARS  
 32 15 Sec. 48. Section 422.4, subsection 1, paragraphs b and c,  
 32 16 Code 2003, are amended to read as follows:  
 32 17 b. "Cumulative inflation factor" means the product of the  
 32 18 annual inflation factor for the ~~1988~~ 2007 calendar year and  
 32 19 all annual inflation factors for subsequent calendar years as  
 32 20 determined pursuant to this subsection. The cumulative  
 32 21 inflation factor applies to all tax years beginning on or  
 32 22 after January 1 of the calendar year for which the latest  
 32 23 annual inflation factor has been determined.  
 32 24 c. The annual inflation factor for the ~~1988~~ 2007 calendar  
 32 25 year is one hundred percent.  
 32 26 Sec. 49. Section 422.4, subsection 16, Code 2003, is  
 32 27 amended to read as follows:  
 32 28 16. ~~The words "taxable~~ "Taxable income" ~~mean means~~ the net  
 32 29 income as defined in section 422.7 minus the deductions  
 32 30 allowed by section 422.9, in the case of individuals, ~~in. In~~  
 32 31 the case of estates or trusts, ~~the words "taxable income" mean~~  
 32 32 ~~means~~ the taxable income, ~~(without a deduction for personal~~  
 32 33 ~~exemption),~~ as computed for federal income tax purposes under  
 32 34 the Internal Revenue Code, but with the adjustments specified  
 32 35 in section 422.7 ~~plus the Iowa income tax deducted in~~  
~~33 1 computing the federal taxable income and minus federal income~~  
~~33 2 taxes as provided in section 422.9.~~  
 33 3 Sec. 50. Section 422.5, subsection 1, Code 2003, as  
 33 4 amended by 2003 Iowa Acts, Senate File 442, section 4, is  
 33 5 amended by striking the subsection and inserting in lieu  
 33 6 thereof the following:  
 33 7 1. a. A tax is imposed upon every resident and  
 33 8 nonresident of the state which tax shall be levied, collected,

33 9 and paid annually upon and with respect to the entire taxable  
33 10 income at rates as follows:

33 11 (1) On all taxable income from zero through eight thousand  
33 12 dollars, one and eighty=five hundredths percent.

33 13 (2) On all taxable income exceeding eight thousand dollars  
33 14 but not exceeding one hundred thousand dollars, four and  
33 15 seventy=five hundredths percent.

33 16 (3) On all taxable income exceeding one hundred thousand  
33 17 dollars, four and ninety=nine hundredths percent.

33 18 b. (1) The tax imposed upon the taxable income of a  
33 19 nonresident shall be computed by reducing the amount  
33 20 determined pursuant to paragraph "a" by the amounts of  
33 21 nonrefundable credits under this division and by multiplying  
33 22 this resulting amount by a fraction of which the nonresident's  
33 23 net income allocated to Iowa, as determined in section 422.8,  
33 24 subsection 2, paragraph "a", is the numerator and the  
33 25 nonresident's total net income computed under section 422.7 is  
33 26 the denominator. This provision also applies to individuals  
33 27 who are residents of Iowa for less than the entire tax year.

33 28 (2) The tax imposed upon the taxable income of a resident  
33 29 shareholder in an S corporation which has in effect for the  
33 30 tax year an election under subchapter S of the Internal  
33 31 Revenue Code and carries on business within and without the  
33 32 state may be computed by reducing the amount determined  
33 33 pursuant to paragraph "a" by the amounts of nonrefundable  
33 34 credits under this division and by multiplying this resulting  
33 35 amount by a fraction of which the resident's net income  
34 1 allocated to Iowa, as determined in section 422.8, subsection  
34 2 2, paragraph "b", is the numerator and the resident's total  
34 3 net income computed under section 422.7 is the denominator.  
34 4 If a resident shareholder has elected to take advantage of  
34 5 this subparagraph, and for the next tax year elects not to  
34 6 take advantage of this subparagraph, the resident shareholder  
34 7 shall not reelect to take advantage of this subparagraph for  
34 8 the three tax years immediately following the first tax year  
34 9 for which the shareholder elected not to take advantage of  
34 10 this subparagraph, unless the director consents to the  
34 11 reelection. This subparagraph also applies to individuals who  
34 12 are residents of Iowa for less than the entire tax year.

34 13 Sec. 51. Section 422.5, subsection 2, Code 2003, is  
34 14 amended by striking the subsection and inserting in lieu  
34 15 thereof the following:

34 16 2. a. However, if the married persons' filing jointly or  
34 17 separately on a combined return, unmarried head of  
34 18 household's, or surviving spouse's net income exceeds thirteen  
34 19 thousand five hundred dollars or nine thousand dollars in the  
34 20 case of all other persons, the regular tax imposed under this  
34 21 division shall be the lesser of the product of eight percent  
34 22 times the portion of the net income in excess of thirteen  
34 23 thousand five hundred dollars or nine thousand dollars, as  
34 24 applicable, or the regular tax liability computed without  
34 25 regard to this paragraph.

34 26 b. Paragraph "a" does not apply to estates and trusts.  
34 27 Married taxpayers electing to file separately shall compute  
34 28 the alternate tax described in paragraph "a" using the total  
34 29 net income of the husband and wife. The alternate tax  
34 30 described in paragraph "a" does not apply if one spouse elects  
34 31 to carry back or carry forward the loss as provided in section  
34 32 422.9, subsection 3. A person who is claimed as a dependent  
34 33 by another person as defined in section 422.12 shall not  
34 34 receive the benefit of paragraph "a" if the person claiming  
34 35 the dependent has net income exceeding thirteen thousand five  
35 1 hundred dollars or nine thousand dollars as applicable or the  
35 2 person claiming the dependent and the person's spouse have  
35 3 combined net income exceeding thirteen thousand five hundred  
35 4 dollars or nine thousand dollars as applicable.

35 5 Sec. 52. Section 422.5, subsection 5, Code 2003, is  
35 6 amended to read as follows:

35 7 5. Upon determination of the latest cumulative inflation  
35 8 factor, the director shall multiply each dollar amount set  
35 9 forth in subsection 1, ~~paragraphs "a" through "i" of this~~  
~~35 10 section paragraph "a",~~ by this cumulative inflation factor,  
35 11 shall round off the resulting product to the nearest one  
35 12 dollar, and shall incorporate the result into the income tax  
35 13 forms and instructions for each tax year.

35 14 Sec. 53. Section 422.5, subsection 7, Code 2003, is  
35 15 amended by striking the subsection.

35 16 Sec. 54. Section 422.7, Code 2003, as amended by 2003 Iowa  
35 17 Acts, Senate File 442, section 5, and House File 674, sections  
35 18 5 and 6, is amended by striking the section and inserting in  
35 19 lieu thereof the following:

35 20 422.7 "NET INCOME" == HOW COMPUTED.  
35 21 The term "net income" means the adjusted gross income  
35 22 before the net operating loss deduction as properly computed  
35 23 for federal income tax purposes under the Internal Revenue  
35 24 Code, with the following adjustments:  
35 25 1. The adjusted gross income is adjusted by adding the sum  
35 26 of the following:  
35 27 a. Add the amount of federal income tax refunds received  
35 28 in a tax year beginning on or after January 1, 2007, but  
35 29 before January 1, 2010, to the extent that the federal income  
35 30 tax was deducted on an Iowa individual income tax return for a  
35 31 tax year beginning prior to January 1, 2007.  
35 32 b. Add interest and dividends from foreign securities and  
35 33 from securities of state and other political subdivisions  
35 34 exempt from federal income tax under the Internal Revenue  
35 35 Code.  
36 1 c. Add interest and dividends from regulated investment  
36 2 companies exempt from federal income tax under the Internal  
36 3 Revenue Code.  
36 4 d. Add, to the extent not already included, income from  
36 5 the sale of obligations of the state and its political  
36 6 subdivisions. Income from the sale of these obligations is  
36 7 exempt from the taxes imposed by this division only if the law  
36 8 authorizing these obligations specifically exempts the income  
36 9 from the sale from the state individual income tax.  
36 10 e. Add the amount resulting from the cancellation of a  
36 11 participation agreement refunded to the taxpayer as a  
36 12 participant in the Iowa educational savings plan trust under  
36 13 chapter 12D to the extent previously deducted as a  
36 14 contribution to the trust.  
36 15 2. The adjusted gross income is adjusted by subtracting  
36 16 the sum of the following:  
36 17 a. Subtract the amount of federal income taxes paid or  
36 18 accrued, as the case may be, in a tax year beginning on or  
36 19 after January 1, 2007, but before January 1, 2010, to the  
36 20 extent the federal tax payment is for a tax year beginning  
36 21 prior to January 1, 2007.  
36 22 b. Subtract interest and dividends from federal  
36 23 securities.  
36 24 c. Subtract the loss on the sale or exchange of a share of  
36 25 a regulated investment company held for six months or less to  
36 26 the extent the loss was disallowed under section 852(b)(4)(B)  
36 27 of the Internal Revenue Code.  
36 28 d. (1) Subtract, to the extent included, the amount of  
36 29 additional social security benefits taxable under the Internal  
36 30 Revenue Code for tax years beginning on or after January 1,  
36 31 1994. The amount of social security benefits taxable as  
36 32 provided in section 86 of the Internal Revenue Code, as  
36 33 amended up to and including January 1, 1993, continues to  
36 34 apply for state income tax purposes for tax years beginning on  
36 35 or after January 1, 1994.  
37 1 (2) Married taxpayers, who file a joint federal income tax  
37 2 return and who elect to file separate returns or who elect  
37 3 separate filing on a combined return for state income tax  
37 4 purposes, shall allocate between the spouses the amount of  
37 5 benefits subtracted under subparagraph (1) from net income in  
37 6 the ratio of the social security benefits received by each  
37 7 spouse to the total of these benefits received by both  
37 8 spouses.  
37 9 e. (1) For a person who is disabled, or is fifty-five  
37 10 years of age or older, or is the surviving spouse of an  
37 11 individual or a survivor having an insurable interest in an  
37 12 individual who would have qualified for the exemption under  
37 13 this paragraph for the tax year, subtract, to the extent  
37 14 included, the total amount of a governmental or other pension  
37 15 or retirement pay, including, but not limited to, defined  
37 16 benefit or defined contribution plans, annuities, individual  
37 17 retirement accounts, plans maintained or contributed to by an  
37 18 employer, or maintained or contributed to by a self-employed  
37 19 person as an employer, and deferred compensation plans or any  
37 20 earnings attributable to the deferred compensation plans, up  
37 21 to a maximum of six thousand dollars for a person, other than  
37 22 a husband or wife, who files a separate state income tax  
37 23 return and up to a maximum of twelve thousand dollars for a  
37 24 husband and wife who file a joint state income tax return.  
37 25 (2) However, a surviving spouse who is not disabled or  
37 26 fifty-five years of age or older can only exclude the amount  
37 27 of pension or retirement pay received as a result of the death  
37 28 of the other spouse. A husband and wife filing separate state  
37 29 income tax returns or separately on a combined return are  
37 30 allowed a combined maximum exclusion under this paragraph "e"



37 31 of up to the amount allowed for a husband and wife who file a  
37 32 joint state income tax return. The exclusion shall be  
37 33 allocated to the husband or wife in the proportion that each  
37 34 spouse's respective pension and retirement pay received bears  
37 35 to total combined pension and retirement pay received.

38 1 f. Notwithstanding the method for computing income from an  
38 2 installment sale under section 453 of the Internal Revenue  
38 3 Code, as defined in section 422.3, the method to be used in  
38 4 computing income from an installment sale shall be the method  
38 5 under section 453 of the Internal Revenue Code, as amended up  
38 6 to and including January 1, 2000. A taxpayer affected by this  
38 7 paragraph shall make adjustments in the adjusted gross income  
38 8 pursuant to rules adopted by the director.

38 9 The adjustment to net income provided in this paragraph "f"  
38 10 is repealed for tax years beginning on or after January 1,  
38 11 2002. However, to the extent that a taxpayer using the  
38 12 accrual method of accounting reported the entire capital gain  
38 13 from the sale or exchange of property on the Iowa return for  
38 14 the tax year beginning in the 2001 calendar year and the  
38 15 capital gain was reported on the installment method on the  
38 16 federal income tax return, any additional installment from the  
38 17 capital gain reported for federal income tax purposes is not  
38 18 to be included in net income in tax years beginning on or  
38 19 after January 1, 2002.

38 20 g. Subtract, if the taxpayer is the owner of an individual  
38 21 development account certified under chapter 541A at any time  
38 22 during the tax year, all of the following:

38 23 (1) Contributions made to the account by persons and  
38 24 entities, other than the taxpayer, as authorized in chapter  
38 25 541A.

38 26 (2) The amount of any savings refund authorized under  
38 27 section 541A.3, subsection 1.

38 28 (3) Earnings from the account.

38 29 h. (1) Subtract the maximum contribution that may be  
38 30 deducted for income tax purposes as a participant in the Iowa  
38 31 educational savings plan trust pursuant to section 12D.3,  
38 32 subsection 1, paragraph "a".

38 33 (2) Subtract, to the extent included, income from interest  
38 34 and earnings received from the Iowa educational savings plan  
38 35 trust created in chapter 12D.

39 1 (3) Subtract, to the extent not deducted for federal  
39 2 income tax purposes, the amount of any gift, grant, or  
39 3 donation made to the Iowa educational savings plan trust for  
39 4 deposit in the endowment fund of that trust.

39 5 i. Subtract, to the extent included, active duty pay  
39 6 received by a person in the national guard or armed forces  
39 7 military reserve for services performed on or after August 2,  
39 8 1990, pursuant to military orders related to the Persian Gulf  
39 9 Conflict.

39 10 j. Subtract, to the extent included, active duty pay  
39 11 received by a person in the national guard or armed forces  
39 12 military reserve for service performed on or after November  
39 13 21, 1995, pursuant to military orders related to peacekeeping  
39 14 in Bosnia=Herzegovina.

39 15 k. Subtract, to the extent included, the following:

39 16 (1) Payments made to the taxpayer because of the  
39 17 taxpayer's status as a victim of persecution for racial,  
39 18 ethnic, or religious reasons by Nazi Germany or any other Axis  
39 19 regime or as an heir of such victim.

39 20 (2) Items of income attributable to, derived from, or in  
39 21 any way related to assets stolen from, hidden from, or  
39 22 otherwise lost to a victim of persecution for racial, ethnic,  
39 23 or religious reasons by Nazi Germany or any other Axis regime  
39 24 immediately prior to, during, and immediately after World War  
39 25 II, including, but not limited to, interest on the proceeds  
39 26 receivable as insurance under policies issued to a victim of  
39 27 persecution for racial, ethnic, or religious reasons by Nazi  
39 28 Germany or any other Axis regime by European insurance  
39 29 companies immediately prior to and during World War II.  
39 30 However, income from assets acquired with such assets or with  
39 31 the proceeds from the sale of such assets shall not be  
39 32 subtracted. This subparagraph shall only apply to a taxpayer  
39 33 who was the first recipient of such assets after recovery of  
39 34 the assets and who is a victim of persecution for racial,  
39 35 ethnic, or religious reasons by Nazi Germany or any other Axis  
40 1 regime or is an heir of such victim.

40 2 l. Subtract, to the extent included, active duty pay  
40 3 received by a person in the national guard or armed forces  
40 4 military reserve for service performed on or after January 1,  
40 5 2003, pursuant to military orders related to Operation Iraqi  
40 6 Freedom, Operation Noble Eagle, and Operation Enduring

40 7 Freedom.

40 8 m. Subtract, not to exceed one thousand five hundred  
40 9 dollars, the overnight transportation, meals, and lodging  
40 10 expenses, to the extent not reimbursed, incurred by the  
40 11 taxpayer for travel away from home of more than one hundred  
40 12 miles for the performance of services by the taxpayer as a  
40 13 member of the national guard or armed forces military reserve.

40 14 n. Subtract, to the extent included, military student loan  
40 15 repayments received by the taxpayer serving on active duty in  
40 16 the national guard or armed forces military reserve or on  
40 17 active duty status in the armed forces.

40 18 o. Subtract, to the extent not otherwise excluded, the  
40 19 amount of the death gratuity payable under 10 U.S.C. } 1475=  
40 20 1491 for deaths occurring after September 10, 2001.

40 21 3. a. In determining the amount of federal income tax  
40 22 refunds or taxes paid or accrued under subsection 1 or 2, for  
40 23 tax years beginning in the 2001 calendar year, the amount  
40 24 shall not be adjusted by the amount received during the tax  
40 25 year of the advanced refund of the rate reduction tax credit  
40 26 provided pursuant to the federal Economic Growth and Tax  
40 27 Relief Reconciliation Act of 2001, Pub. L. No. 107=16, and the  
40 28 advanced refund of such credit shall not be subject to  
40 29 taxation under this division.

40 30 b. In determining the amount of federal income tax refunds  
40 31 or taxes paid or accrued under subsection 1 or 2, for tax  
40 32 years beginning in the 2002 calendar year, the amount shall  
40 33 not be adjusted by the amount of the rate reduction credit  
40 34 received during the tax year to the extent that the credit is  
40 35 attributable to the rate reduction credit provided pursuant to  
41 1 the federal Economic Growth and Tax Relief Reconciliation Act  
41 2 of 2001, Pub. L. No. 107=16, and the amount of such credit  
41 3 shall not be taxable under this division.

41 4 4. The additional first-year depreciation allowance  
41 5 authorized in section 168(k) of the Internal Revenue Code, as  
41 6 enacted by Pub. L. No. 107=147, section 101, does not apply in  
41 7 computing net income for state tax purposes. If the taxpayer  
41 8 has taken such deduction in computing federal adjusted gross  
41 9 income, the following adjustments shall be made:

41 10 a. Add the total amount of depreciation taken on all  
41 11 property for which the election under section 168(k) of the  
41 12 Internal Revenue Code was made for the tax year.

41 13 b. Subtract an amount equal to depreciation taken on such  
41 14 property for the tax year using the modified accelerated cost  
41 15 recovery system depreciation method applicable under section  
41 16 168 of the Internal Revenue Code without regard to section  
41 17 168(k).

41 18 c. Any other adjustments to gains or losses to reflect the  
41 19 adjustments made in paragraphs "a" and "b" pursuant to rules  
41 20 adopted by the director.

41 21 Sec. 55. Section 422.8, subsection 2, paragraph a, Code  
41 22 2003, is amended to read as follows:

41 23 a. Nonresident's net income allocated to Iowa is the net  
41 24 income, or portion of net income, which is derived from a  
41 25 business, trade, profession, or occupation carried on within  
41 26 this state or income from any property, trust, estate, or  
41 27 other source within Iowa. However, income derived from a  
41 28 business, trade, profession, or occupation carried on within  
41 29 this state and income from any property, trust, estate, or  
41 30 other source within Iowa shall not include distributions from  
41 31 pensions, including defined benefit or defined contribution  
41 32 plans, annuities, individual retirement accounts, and deferred  
41 33 compensation plans or any earnings attributable thereto so  
41 34 long as the distribution is directly related to an  
41 35 individual's documented retirement and received while the  
42 1 individual is a nonresident of this state. If a business,  
42 2 trade, profession, or occupation is carried on partly within  
42 3 and partly without the state, only the portion of the net  
42 4 income which is fairly and equitably attributable to that part  
42 5 of the business, trade, profession, or occupation carried on  
42 6 within the state is allocated to Iowa for purposes of section  
42 7 422.5, subsection 1, paragraph ~~"j"~~ "b", and section 422.13 and  
42 8 income from any property, trust, estate, or other source  
42 9 partly within and partly without the state is allocated to  
42 10 Iowa in the same manner, except that annuities, interest on  
42 11 bank deposits and interest-bearing obligations, and dividends  
42 12 are allocated to Iowa only to the extent to which they are  
42 13 derived from a business, trade, profession, or occupation  
42 14 carried on within the state.

42 15 Sec. 56. Section 422.8, subsection 4, Code 2003, is  
42 16 amended by striking the subsection.

42 17 Sec. 57. Section 422.9, subsection 1, Code 2003, is

42 18 amended to read as follows:  
42 19 1. An optional standard deduction, ~~after deduction of~~  
42 20 ~~federal income tax~~, equal to one thousand two hundred thirty  
42 21 dollars for a married person who files separately or a single  
42 22 person or equal to three thousand thirty dollars for a husband  
42 23 and wife who file a joint return, a surviving spouse, or an  
42 24 unmarried head of household. ~~The optional standard deduction~~  
42 25 ~~shall not exceed the amount remaining after deduction of the~~  
42 26 ~~federal income tax.~~  
42 27 Sec. 58. Section 422.9, subsection 2, paragraph b, Code  
42 28 2003, is amended by striking the paragraph.  
42 29 Sec. 59. Section 422.9, subsections 6 and 7, Code 2003,  
42 30 are amended by striking the subsections.  
42 31 Sec. 60. Section 422.11B, subsection 1, Code 2003, is  
42 32 amended to read as follows:  
42 33 1. There is allowed as a credit against the tax determined  
42 34 in section 422.5, subsection 1, paragraphs "a" through "j" for  
42 35 a tax year an amount equal to the minimum tax credit for that  
43 1 tax year.  
43 2 The minimum tax credit for a tax year is the excess, if  
43 3 any, of the adjusted net minimum tax imposed for all prior tax  
43 4 years beginning on or after January 1, 1987, but before  
43 5 January 1, 2007, over the amount allowable as a credit under  
43 6 this section for those prior tax years.  
43 7 If a minimum tax credit is available to a tax period  
43 8 beginning on or after January 1, 2007, the credit can be  
43 9 carried over to tax years beginning on or after January 1,  
43 10 2007, but before January 1, 2010. The minimum tax credit is  
43 11 limited to the tax determined in section 422.5, subsection 1,  
43 12 paragraphs "a" and "b".  
43 13 Sec. 61. Section 422.13, subsection 1, paragraph c, and  
43 14 subsection 1A, Code 2003, are amended to read as follows:  
43 15 c. However, if that part of the net income of a  
43 16 nonresident which is allocated to Iowa pursuant to section  
43 17 422.8, subsection 2, is less than one thousand dollars the  
43 18 nonresident is not required to make and sign a return ~~except~~  
43 19 ~~when the nonresident is subject to the state alternative~~  
43 20 ~~minimum tax imposed pursuant to section 422.5, subsection 1,~~  
43 21 ~~paragraph "k".~~  
43 22 1A. Notwithstanding any other provision in this section, a  
43 23 resident of this state is not required to make and file a  
43 24 return if the person's net income is equal to or less than the  
43 25 appropriate dollar amount listed in section 422.5, subsection  
43 26 2, upon which tax is not imposed. A nonresident of this state  
43 27 is not required to make and file a return if the person's  
43 28 total net income in section 422.5, subsection 1, paragraph  
43 29 "~~j~~", "b", is equal to or less than the appropriate dollar  
43 30 amount provided in section 422.5, subsection 2, upon which tax  
43 31 is not imposed. For purposes of this subsection, the amount  
43 32 of a lump sum distribution subject to separate federal tax  
43 33 shall be included in net income for purposes of determining if  
43 34 a resident is required to file a return and the portion of the  
43 35 lump sum distribution that is allocable to Iowa is included in  
44 1 total net income for purposes of determining if a nonresident  
44 2 is required to make and file a return.  
44 3 Sec. 62. Section 422.21, unnumbered paragraph 5, Code  
44 4 2003, is amended to read as follows:  
44 5 The director shall determine for the ~~1989~~ 2008 and each  
44 6 subsequent calendar year the annual and cumulative inflation  
44 7 factors for each calendar year to be applied to tax years  
44 8 beginning on or after January 1 of that calendar year. The  
44 9 director shall compute the new dollar amounts as specified to  
44 10 be adjusted in section 422.5 by the latest cumulative  
44 11 inflation factor and round off the result to the nearest one  
44 12 dollar. The annual and cumulative inflation factors  
44 13 determined by the director are not rules as defined in section  
44 14 17A.2, subsection 11. The director shall determine for the  
44 15 1990 calendar year and each subsequent calendar year the  
44 16 annual and cumulative standard deduction factors to be applied  
44 17 to tax years beginning on or after January 1 of that calendar  
44 18 year. The director shall compute the new dollar amounts of  
44 19 the standard deductions specified in section 422.9, subsection  
44 20 1, by the latest cumulative standard deduction factor and  
44 21 round off the result to the nearest ten dollars. The annual  
44 22 and cumulative standard deduction factors determined by the  
44 23 director are not rules as defined in section 17A.2, subsection  
44 24 11.  
44 25 Sec. 63. Section 422.11B, Code 2003, is repealed.  
44 26 COORDINATING AMENDMENTS  
44 27 Sec. 64. Section 12D.9, subsection 2, Code 2003, is  
44 28 amended to read as follows:

44 29 2. State income tax treatment of the Iowa educational  
44 30 savings plan trust shall be as provided in section 422.7,  
44 31 ~~subsections 32, 33, and 34~~ subsection 1, paragraph "e", and  
44 32 subsection 2, paragraph "h", and section 422.35, subsection  
44 33 14.

44 34 Sec. 65. Section 217.39, Code 2003, is amended to read as  
44 35 follows:

45 1 217.39 PERSECUTED VICTIMS OF WORLD WAR II == REPARATIONS  
45 2 == HEIRS.

45 3 Notwithstanding any other law of this state, payments paid  
45 4 to and income from lost property of a victim of persecution  
45 5 for racial, ethnic, or religious reasons by Nazi Germany or  
45 6 any other Axis regime or as an heir of such victim which is  
45 7 exempt from state income tax as provided in section 422.7,  
45 8 ~~subsection 35 2, paragraph "k",~~ shall not be considered as  
45 9 income or an asset for determining the eligibility for state  
45 10 or local government benefit or entitlement programs. The  
45 11 proceeds are not subject to recoupment for the receipt of  
45 12 governmental benefits or entitlements, and liens, except liens  
45 13 for child support, are not enforceable against these sums for  
45 14 any reason.

45 15 Sec. 66. Section 422.120, subsection 1, paragraph b,  
45 16 subparagraph (3), Code 2003, is amended to read as follows:

45 17 (3) The annual index factor for the 1997 calendar year is  
45 18 one hundred percent. ~~For each subsequent the 1998 through~~  
45 19 ~~2006 calendar year years,~~ the annual index factor equals the  
45 20 annual inflation factor for that calendar year as computed in  
45 21 section 422.4 for purposes of the individual income tax. ~~For~~  
45 22 ~~the 2007 calendar year and each subsequent calendar year the~~  
45 23 ~~annual index factor shall be determined by the department by~~  
45 24 ~~October 15 of the calendar year preceding the calendar year~~  
45 25 ~~for which the factor is determined, which reflects the~~  
45 26 ~~purchasing power of the dollar as a result of inflation during~~  
45 27 ~~the fiscal year ending in the calendar year preceding the~~  
45 28 ~~calendar year for which the factor is determined. In~~  
45 29 ~~determining the annual index factor, the department shall use~~  
45 30 ~~the annual percent change, but not less than zero percent, in~~  
45 31 ~~the gross domestic product price deflator computed for the~~  
45 32 ~~second quarter of the calendar year by the bureau of economic~~  
45 33 ~~analysis of the United States department of commerce and shall~~  
45 34 ~~add all of that percent change to one hundred percent. The~~  
45 35 ~~annual index factor and the cumulative index factor shall each~~  
46 1 ~~be expressed as a percentage rounded to the nearest one-tenth~~  
46 2 ~~of one percent. The annual index factor shall not be less~~  
46 3 ~~than one hundred percent.~~

46 4 Sec. 67. Section 425.23, subsection 4, paragraph b, Code  
46 5 2003, is amended to read as follows:

46 6 b. The annual adjustment factor for the 1998 base year is  
46 7 one hundred percent. ~~For each subsequent the 1999 through~~  
46 8 ~~2006 base year years,~~ the annual adjustment factor equals the  
46 9 annual inflation factor for the calendar year, in which the  
46 10 base year begins, as computed in section 422.4 for purposes of  
46 11 the individual income tax. ~~For the 2007 base year and each~~  
46 12 ~~subsequent base year, the annual adjustment factor equals the~~  
46 13 ~~annual index factor, in which the base year begins, as~~  
46 14 ~~computed in section 422.120, subsection 1, for purposes of the~~  
46 15 ~~livestock production tax credit.~~

46 16 Sec. 68. Section 450.4, subsection 8, Code 2003, is  
46 17 amended to read as follows:

46 18 8. On the value of that portion of any lump sum or  
46 19 installment payments which are received by a beneficiary under  
46 20 an annuity which was purchased under an employee's pension or  
46 21 retirement plan which was excluded from net income ~~as set~~  
46 22 ~~forth in under section 422.7, subsection 31.~~

46 23 Sec. 69. Section 541A.2, subsection 7, unnumbered  
46 24 paragraph 1, Code 2003, is amended to read as follows:

46 25 An individual development account closed in accordance with  
46 26 this subsection is not subject to the limitations and benefits  
46 27 provided by this chapter but is subject to state tax in  
46 28 accordance with the provisions of section 422.7, subsection ~~28~~  
46 29 2, paragraph "g", and section 450.4, subsection 6. An  
46 30 individual development account may be closed for any of the  
46 31 following reasons:

46 32 Sec. 70. Section 541A.3, subsection 2, Code 2003, is  
46 33 amended to read as follows:

46 34 2. Income earned by an individual development account is  
46 35 not subject to state tax, in accordance with the provisions of  
47 1 section 422.7, subsection ~~28~~ 2, paragraph "g".

47 2 Sec. 71. Division III of this Act is repealed.

47 3 CONTINGENT EFFECTIVE AND APPLICABILITY DATE PROVISION

47 4 Sec. 72.

47 5 1. This division of this Act takes effect upon  
47 6 ratification prior to January 1, 2007, of an amendment to the  
47 7 Constitution of the State of Iowa requiring a three-fifths  
47 8 majority vote of each house of the general assembly in order  
47 9 to pass a bill that amends the state individual income tax by  
47 10 raising the rate or rates of the individual income tax or of  
47 11 an amendment to the Constitution of the State of Iowa  
47 12 requiring a statewide referendum in order to approve a bill  
47 13 that amends the state individual income tax by raising the  
47 14 rate or rates of the individual income tax.  
47 15 2. If this division of this Act takes effect as provided  
47 16 in subsection 1, this division of this Act, except as provided  
47 17 in subsection 3, applies to tax years beginning on or after  
47 18 January 1, 2007.  
47 19 3. The section of this division of this Act repealing  
47 20 section 422.11B applies to tax years beginning on or after  
47 21 January 1, 2010.

#### 47 22 DIVISION V

##### 47 23 SALES AND USE TAX STUDIES

47 24 Sec. 73. INDUSTRIAL PROCESSING EXEMPTION STUDY COMMITTEE.  
47 25 On or before July 1, 2003, the department of revenue and  
47 26 finance shall initiate and coordinate the establishment of an  
47 27 industrial processing exemption study committee and provide  
47 28 staffing assistance to the committee. It is the intent of the  
47 29 general assembly that the committee shall include  
47 30 representatives of the department of revenue and finance,  
47 31 department of management, industrial producers including  
47 32 manufacturers, fabricators, printers and publishers, and an  
47 33 association that specifically represents business tax issues,  
47 34 and other stakeholders.

47 35 The industrial processing exemption under the sales and use  
48 1 tax is a significant exemption for business. The committee  
48 2 shall study and make legislative and administrative  
48 3 recommendations relating to Iowa's processing exemption to  
48 4 ensure maximum utilization by Iowa's industries.

48 5 The committee shall study and make recommendations  
48 6 regarding all of the following:

48 7 1. The current sales and use tax industrial processing  
48 8 exemption.

48 9 2. The corresponding administrative rules, including a  
48 10 review and recommendation of an administrative rules process  
48 11 relating to the industrial processing exemption prior to  
48 12 filing with the administrative rules review committee.

48 13 3. Other states' industrial processing exemptions.

48 14 4. Recommendations for change for issues including  
48 15 effectiveness and competitiveness.

48 16 5. Development of additional publications to improve  
48 17 compliance.

48 18 The committee shall annually report to the general assembly  
48 19 by January 1 of each year through January 1, 2013.

##### 48 20 Sec. 74. IOWA SALES, SERVICES, AND USE TAX STUDY

48 21 COMMITTEE. On or before July 1, 2003, the department of  
48 22 revenue and finance shall initiate and coordinate the  
48 23 establishment of a state sales, services, and use tax study  
48 24 committee and provide staffing assistance to the committee.  
48 25 It is the intent of the general assembly that the committee  
48 26 shall include representatives of the department of revenue and  
48 27 finance, department of management, an association of Iowa  
48 28 farmers and other agricultural interests, retail associations,  
48 29 contractors, taxpayers, an association that specifically  
48 30 represents business tax issues, and other stakeholders, two  
48 31 members of the general assembly, and a representative of the  
48 32 governor's office.

48 33 The committee shall study the current sales, services, and  
48 34 use tax law. Programs funded through special features of the  
48 35 tax code often escape regular review. It is intended that the  
49 1 study committee shall review the current sales, services, and  
49 2 use tax exemptions to improve government accountability.

49 3 The committee shall study and make recommendations  
49 4 regarding all of the following:

49 5 1. Retaining or eliminating current sales, services, and  
49 6 use tax exemptions or providing new exemptions. Such  
49 7 decisions shall be based at least partially on the issues of  
49 8 effectiveness and competitiveness and their impact on economic  
49 9 behavior.

49 10 2. Tax simplification and consistency issues in applying  
49 11 the tax, including recordkeeping burdens on retailers and  
49 12 application by the department of revenue and finance.

49 13 3. Streamlining sales tax implementation in Iowa.

49 14 4. The tax rate.

49 15 5. Comparison of Iowa sales, services, and use tax

49 16 structure with other states.

49 17 The committee shall report to the general assembly by  
49 18 January 1, 2004. The report shall provide rationale for each  
49 19 decision made by the study committee.

49 20 Sec. 75. EFFECTIVE DATE. This division of this Act, being  
49 21 deemed of immediate importance, takes effect July 1, 2003.

49 22 DIVISION VI

49 23 GROW IOWA VALUES BOARD AND FUND

49 24 Sec. 76. Section 15.108, subsection 9, Code 2003, is  
49 25 amended by adding the following new paragraph:

49 26 NEW PARAGRAPH. g. Administer the marketing strategy  
49 27 selected pursuant to section 15G.108.

49 28 Sec. 77. NEW SECTION. 15G.101 DEFINITIONS.

49 29 As used in this chapter, unless the context otherwise  
49 30 requires:

49 31 1. "Board" means the grow Iowa values board established in  
49 32 section 15G.102.

49 33 2. "Department" means the Iowa department of economic  
49 34 development created in section 15.105.

49 35 3. "Director" means the director of the department of  
50 1 economic development.

50 2 4. "Fund" means the grow Iowa values fund created in  
50 3 section 15G.107.

50 4 5. "Grow Iowa values geographic regions" means the  
50 5 geographic regions defined in section 15G.105.

50 6 Sec. 78. NEW SECTION. 15G.102 GROW IOWA VALUES BOARD.

50 7 1. The grow Iowa values board is established consisting of  
50 8 eleven voting members and four ex officio, nonvoting members.  
50 9 The grow Iowa values board shall be located for administrative  
50 10 purposes within the department and the director shall provide  
50 11 office space, staff assistance, and necessary supplies and  
50 12 equipment for the board. The director shall budget moneys to  
50 13 pay the compensation and expenses of the board. In performing  
50 14 its functions, the board is performing a public function on  
50 15 behalf of the state and is a public instrumentality of the  
50 16 state.

50 17 2. a. The eleven voting members of the board shall be  
50 18 appointed by the governor, subject to confirmation by the  
50 19 senate.

50 20 b. The four ex officio, nonvoting members shall be  
50 21 appointed as follows:

50 22 (1) One member appointed by the president of the senate.

50 23 (2) One member appointed by the minority leader of the  
50 24 senate.

50 25 (3) One member appointed by the speaker of the house of  
50 26 representatives.

50 27 (4) One member appointed by the minority leader of the  
50 28 house of representatives.

50 29 c. All appointments shall comply with sections 69.16 and  
50 30 69.16A.

50 31 d. At least one member of the board shall be from each  
50 32 grow Iowa values geographic region.

50 33 e. Each of the following areas of expertise shall be  
50 34 represented by at least one member of the board who has  
50 35 professional experience in that area of expertise:

51 1 (1) Finance and investment banking.

51 2 (2) Advanced manufacturing.

51 3 (3) Statewide agriculture.

51 4 (4) Life sciences.

51 5 (5) Small business development.

51 6 (6) Information technology.

51 7 (7) Economics.

51 8 (8) Labor.

51 9 (9) Marketing.

51 10 (10) Entrepreneurship.

51 11 f. At least nine voting members of the board shall be  
51 12 actively employed in the private, for-profit sector of the  
51 13 economy.

51 14 g. The board membership shall be balanced between  
51 15 representation by employers with less than two hundred  
51 16 employees and employers with two hundred or more employees.

51 17 3. The chairperson and vice chairperson shall be elected  
51 18 by the voting members of the board from the membership of the  
51 19 board. In the case of the absence or disability of the  
51 20 chairperson and vice chairperson, the voting members of the  
51 21 board shall elect a temporary chairperson by a majority vote  
51 22 of those voting members who are present and voting, provided a  
51 23 quorum is present.

51 24 4. The members of the board shall be appointed to three=  
51 25 year staggered terms and the terms shall commence and end as  
51 26 provided in section 69.19. If a vacancy occurs, a successor

51 27 shall be appointed in the same manner and subject to the same  
51 28 qualifications as the original appointment to serve the  
51 29 unexpired term.

51 30 5. A majority of the voting members of the board  
51 31 constitutes a quorum.

51 32 6. A member of the board shall abstain from voting on the  
51 33 provision of financial assistance to a project which is  
51 34 located in the county in which the member of the board  
51 35 resides.

52 1 7. The members of the board are entitled to receive  
52 2 reimbursement for actual expenses incurred while engaged in  
52 3 the performance of official duties. A board member may also  
52 4 be eligible to receive compensation as provided in section  
52 5 7E.6.

52 6 Sec. 79. NEW SECTION. 15G.103 BOARD DUTIES.

52 7 The board shall do all of the following:

52 8 1. Organize.

52 9 2. Receive advice and recommendations from the due  
52 10 diligence committee, the economic development marketing board,  
52 11 and the grow Iowa values review commission.

52 12 3. Assist the department in implementing programs and  
52 13 activities in a manner designed to achieve the goals set out  
52 14 in section 15G.106.

52 15 4. By December 15 of each year, submit a written report to  
52 16 the general assembly reviewing the activities of the board  
52 17 during the calendar year. The report shall include  
52 18 information necessary for the review of the goals and  
52 19 performance measures set out in section 15G.106. State  
52 20 agencies and other entities receiving moneys from the fund  
52 21 shall cooperate with and assist the board in compilation of  
52 22 the report.

52 23 5. Adopt administrative rules pursuant to chapter 17A  
52 24 necessary to administer this chapter. This delegation shall  
52 25 be construed narrowly.

52 26 6. Adopt a strategic plan pursuant to section 8E.204 by  
52 27 July 1, 2004.

52 28 Sec. 80. NEW SECTION. 15G.104 DUE DILIGENCE COMMITTEE.

52 29 1. A due diligence committee is established consisting of  
52 30 five members and is located for administrative purposes within  
52 31 the department. The director of the department shall provide  
52 32 office space, staff assistance, and necessary supplies and  
52 33 equipment for the committee. The director shall budget moneys  
52 34 to pay the compensation and expenses of the committee. In  
52 35 performing its functions, the committee is performing a public  
53 1 function on behalf of the state and is a public  
53 2 instrumentality of the state.

53 3 2. a. Membership of the due diligence committee shall  
53 4 consist of five voting members of the grow Iowa values board  
53 5 elected annually by the voting members of the board.  
53 6 Committee members shall have expertise in the areas of banking  
53 7 and entrepreneurship.

53 8 b. The chairperson and vice chairperson of the committee  
53 9 shall be elected by and from the committee members. The terms  
53 10 of the members shall commence and end as provided by section  
53 11 69.19. If a vacancy occurs, a successor shall be appointed in  
53 12 the same manner and subject to the same qualifications as the  
53 13 original appointment to serve the unexpired term. A majority  
53 14 of the committee constitutes a quorum.

53 15 3. The committee, after a thorough review, shall determine  
53 16 whether a proposed project using moneys from the grow Iowa  
53 17 values fund is practical and shall provide recommendations to  
53 18 the grow Iowa values board regarding any moneys proposed to be  
53 19 expended from the grow Iowa values fund, with the exception of  
53 20 moneys appropriated for purposes of the loan and credit  
53 21 guarantee program and regarding whether a proposed project is  
53 22 practical. The recommendations shall be based on whether the  
53 23 expenditure would make the achievement of the goals in  
53 24 accordance with the performance measures set out in section  
53 25 15G.106 more likely. The recommendations may include  
53 26 conditions or that a proposed expenditure be rejected.

53 27 4. The members of the committee are entitled to receive  
53 28 reimbursement for actual expenses incurred while engaged in  
53 29 the performance of official duties. A committee member may  
53 30 also be eligible to receive compensation as provided in  
53 31 section 7E.6.

53 32 Sec. 81. NEW SECTION. 15G.104A GROW IOWA VALUES REVIEW  
53 33 COMMISSION.

53 34 1. A grow Iowa values review commission is established  
53 35 consisting of three members and is located for administrative  
54 1 purposes within the office of the auditor of state. The  
54 2 auditor of state shall provide office space, staff assistance,

54 3 and necessary supplies and equipment for the review  
54 4 commission. The auditor of state shall budget moneys to pay  
54 5 the compensation and expenses of the commission, including the  
54 6 actual expenses of the auditor of state incurred while engaged  
54 7 in the performance of official commission duties. In  
54 8 performing its functions, the review commission is performing  
54 9 a public function on behalf of the state and is a public  
54 10 instrumentality of the state.

54 11 2. Membership of the review commission shall include the  
54 12 auditor of state, one member appointed by the governor subject  
54 13 to confirmation by the senate, and one member appointed by the  
54 14 legislative council. The members appointed by the governor  
54 15 and the legislative council shall possess experience and  
54 16 expertise in the field of economics. The appointments shall  
54 17 comply with sections 69.16 and 69.16A. The chairperson of the  
54 18 review commission shall be the auditor of state. The members  
54 19 shall be appointed to three-year staggered terms and the terms  
54 20 shall commence and end as provided by section 69.19. If a  
54 21 vacancy occurs, a successor shall be appointed in the same  
54 22 manner and subject to the same qualifications as the original  
54 23 appointment to serve the unexpired term. A majority of the  
54 24 review commission constitutes a quorum.

54 25 3. The review commission shall analyze all annual reports  
54 26 of the grow Iowa values board for purposes of determining if  
54 27 the goals and performance measures set out in section 15G.106  
54 28 have been met. By January 1, 2007, the review commission  
54 29 shall submit a report to the grow Iowa values board, the  
54 30 department, and the general assembly. The report shall  
54 31 include findings, itemized by grow Iowa values geographic  
54 32 regions, regarding whether the goals and performance measures  
54 33 were met. The report shall also include recommendations  
54 34 regarding the continuation, elimination, or modification of  
54 35 any programs receiving moneys from the grow Iowa values fund  
55 1 and whether moneys should continue to be appropriated to and  
55 2 from the grow Iowa values fund. The recommendations shall be  
55 3 based on whether the goals in accordance with the performance  
55 4 measures are being achieved.

55 5 4. The members of the commission, including the auditor of  
55 6 state, are entitled to receive reimbursement for actual  
55 7 expenses incurred while engaged in the performance of official  
55 8 duties. A commission member may also be eligible to receive  
55 9 compensation as provided in section 7E.6.

55 10 Sec. 82. NEW SECTION. 15G.105 GROW IOWA VALUES  
55 11 GEOGRAPHIC REGIONS.

55 12 For purposes of applying the goals and performance  
55 13 measurements, the state shall be divided into five grow Iowa  
55 14 values geographic regions. The regions shall be the  
55 15 following:

55 16 1. The northwest region shall include the counties of  
55 17 Lyon, Osceola, Dickinson, Emmet, Kossuth, Winnebago, Sioux,  
55 18 O'Brien, Clay, Palo Alto, Hancock, Plymouth, Cherokee, Buena  
55 19 Vista, Pocahontas, Humboldt, Wright, Woodbury, Ida, Sac,  
55 20 Calhoun, Webster, and Hamilton.

55 21 2. The northeast region shall include the counties of  
55 22 Worth, Mitchell, Howard, Winneshiek, Allamakee, Cerro Gordo,  
55 23 Floyd, Chickasaw, Fayette, Clayton, Franklin, Butler, Bremer,  
55 24 Hardin, Grundy, Black Hawk, Buchanan, Delaware, Dubuque, Tama,  
55 25 Benton, Linn, Jones, and Jackson.

55 26 3. The southeast region shall include the counties of  
55 27 Poweshiek, Iowa, Johnson, Cedar, Clinton, Scott, Muscatine,  
55 28 Mahaska, Keokuk, Washington, Louisa, Monroe, Wapello,  
55 29 Jefferson, Henry, Des Moines, Appanoose, Davis, Van Buren, and  
55 30 Lee.

55 31 4. The southwest region shall include the counties of  
55 32 Monona, Crawford, Carroll, Greene, Harrison, Shelby, Audubon,  
55 33 Guthrie, Pottawattamie, Cass, Adair, Mills, Montgomery, Adams,  
55 34 Union, Clarke, Lucas, Fremont, Page, Taylor, Ringgold,  
55 35 Decatur, and Wayne.

56 1 5. The central region shall include the counties of Boone,  
56 2 Story, Marshall, Dallas, Polk, Jasper, Madison, Warren, and  
56 3 Marion.

56 4 Sec. 83. NEW SECTION. 15G.106 GOALS == PERFORMANCE  
56 5 MEASURES.

56 6 1. In performing the duties provided in this chapter,  
56 7 chapter 15, and chapter 15E, the grow Iowa values board, the  
56 8 due diligence committee, the economic development marketing  
56 9 board, the grow Iowa values review commission, and the  
56 10 department shall achieve the goals of expanding and  
56 11 stimulating the state economy, increasing the wealth of  
56 12 Iowans, and increasing the population of the state. For  
56 13 purposes of this section, "upper midwest region" includes the



56 14 states of Iowa, Kansas, Minnesota, Missouri, Nebraska, North  
56 15 Dakota, and South Dakota.

56 16 2. Goal achievement shall be examined on a regional basis  
56 17 using the grow Iowa values geographic regions on a statewide  
56 18 basis. Family farm performance indicators shall be calculated  
56 19 separately. The performance of the grow Iowa values  
56 20 geographic regions shall be compared to the performance of the  
56 21 state, the upper midwest region, and the United States. The  
56 22 baseline year shall be the calendar year 2002. In each grow  
56 23 Iowa values geographic region, the goal shall be to increase  
56 24 the baseline performance measure of Iowa's gross state product  
56 25 at a rate equal to or greater than the national economy.

56 26 3. a. In determining whether the goal of expanding and  
56 27 stimulating the state economy has been met, and using the  
56 28 calendar year 2002 as a baseline, performance measures shall  
56 29 be considered, including but not limited to the following, on  
56 30 a statewide basis or of those businesses that receive moneys  
56 31 originating from the grow Iowa values fund, as appropriate:

56 32 (1) A net increase in a business's supplier network.

56 33 (2) A net increase in business start-ups.

56 34 (3) A net increase in business expansion.

56 35 (4) A net increase in business modernization.

57 1 (5) A net increase in attracting new businesses to the  
57 2 state.

57 3 (6) A net increase in business retention.

57 4 (7) A net increase in job creation and retention.

57 5 (8) A decrease in Iowa of the ratio of the government  
57 6 employment as a percentage share of the total employment in  
57 7 Iowa at a rate at least equal to the ratio of the upper  
57 8 midwest region.

57 9 b. By December 15 of each year, the department shall  
57 10 submit a report to the grow Iowa values review commission and  
57 11 the grow Iowa values board that identifies information  
57 12 pertinent to the performance measures in paragraph "a",  
57 13 subparagraphs (3), (4), and (6), that the department gains  
57 14 through interviews with businesses in the state that close all  
57 15 or a portion of operations in the state. By December 15 of  
57 16 each year, based on the same interviews, the department shall  
57 17 submit a report to the general assembly providing suggested  
57 18 amendments to the Code of Iowa and the Iowa administrative  
57 19 code designed to stimulate and expand the state's economy.

57 20 c. By December 15 of each year the department shall submit  
57 21 a report to the grow Iowa values review commission and the  
57 22 grow Iowa values board that identifies prospective lost  
57 23 business development opportunities information pertinent to  
57 24 the performance measures in paragraph "a", subparagraphs (2)  
57 25 and (5), which indicate that the state has not been successful  
57 26 in the performance measures in paragraph "a", subparagraphs  
57 27 (2) and (5).

57 28 d. For purposes of the performance measure in paragraph  
57 29 "a", subparagraph (7), the department of economic development,  
57 30 in consultation with the department of workforce development  
57 31 and the auditor of state, shall determine average annual job  
57 32 creation and retention rates based on the ten years prior to  
57 33 2003, for the state and the upper midwest region. During the  
57 34 fiscal years beginning July 1, 2003, July 1, 2004, and July 1,  
57 35 2005, the department of economic development shall report the  
58 1 job creation and retention rate of those businesses that  
58 2 receive moneys originating from the grow Iowa values fund and  
58 3 the job creation and retention rate of those businesses that  
58 4 do not receive moneys originating from the grow Iowa values  
58 5 fund. The ten-year average annual job creation and retention  
58 6 rate shall be compared to the job creation and retention rates  
58 7 determined under this paragraph for the fiscal years beginning  
58 8 July 1, 2003, July 1, 2004, and July 1, 2005. The department  
58 9 of economic development shall assist the department of  
58 10 workforce development in maintaining detailed employment  
58 11 statistics on businesses that receive moneys originating from  
58 12 the grow Iowa values fund, on businesses that do not receive  
58 13 moneys originating from the grow Iowa values fund, and on  
58 14 industries in Iowa that those businesses represent. The  
58 15 auditor of state shall audit the reliability and validity of  
58 16 the statistics compiled pursuant to this paragraph.

58 17 4. In determining whether the goal of increasing the  
58 18 wealth of Iowans has been met, the following earning  
58 19 performance measures shall be considered:

58 20 a. The per capita personal income in Iowa shall equal or  
58 21 exceed the average per capita personal income for the upper  
58 22 midwest region.

58 23 b. The average earnings per job in Iowa shall equal or  
58 24 exceed the average earnings per job in the upper midwest

58 25 region.

58 26 c. The average manufacturing earnings per employee in Iowa  
58 27 shall equal or exceed the average manufacturing earnings per  
58 28 employee in the upper midwest region.

58 29 d. The average service earnings per employee in Iowa shall  
58 30 equal or exceed the average service earnings per employee in  
58 31 the upper midwest region.

58 32 e. The average earnings per employee in the financial,  
58 33 insurance, and real estate industries in Iowa shall equal or  
58 34 exceed the average earnings per employee in the financial,  
58 35 insurance, and real estate industries in the upper midwest  
59 1 region.

59 2 5. In determining whether the goal of increasing the  
59 3 population of the state has been met, the following  
59 4 performance measures shall be considered:

59 5 a. Using the calendar year 2002 as a baseline year, a net  
59 6 increase in the retention of Iowa high school graduates that  
59 7 are employed in the Iowa workforce following a higher  
59 8 education degree.

59 9 b. The increase in higher education graduates.

59 10 Sec. 84. NEW SECTION. 15G.107 GROW IOWA VALUES FUND.  
59 11 A grow Iowa values fund is created in the state treasury  
59 12 under the control of the grow Iowa values board consisting of  
59 13 moneys appropriated to the grow Iowa values board. Moneys in  
59 14 the fund are not subject to section 8.33. Notwithstanding  
59 15 section 12C.7, interest or earnings on moneys in the fund  
59 16 shall be credited to the fund. The fund shall be administered  
59 17 by the grow Iowa values board, which shall make expenditures  
59 18 from the fund consistent with this chapter and pertinent Acts  
59 19 of the general assembly. Any financial assistance provided  
59 20 using moneys from the fund may be provided over a period of  
59 21 time of more than one year. Payments of interest, repayments  
59 22 of moneys loaned pursuant to this chapter, and recaptures of  
59 23 grants or loans shall be deposited in the fund.

59 24 Sec. 85. NEW SECTION. 15G.108 ECONOMIC DEVELOPMENT  
59 25 MARKETING BOARD == MARKETING STRATEGIES.

59 26 1. a. An economic development marketing board is  
59 27 established consisting of seven members and is located for  
59 28 administrative purposes within the department. The director  
59 29 of the department shall provide office space, staff  
59 30 assistance, and necessary supplies and equipment for the  
59 31 board. The director shall budget moneys to pay the  
59 32 compensation and expenses of the board. In performing its  
59 33 functions, the board is performing a public function on behalf  
59 34 of the state and is a public instrumentality of the state.

59 35 b. The membership of the board shall consist of seven  
60 1 members appointed by the governor, subject to confirmation by  
60 2 the senate. Five of the members shall have significant  
60 3 demonstrated experience in marketing or advertising. Two  
60 4 members of the board shall also be members of the grow Iowa  
60 5 values board.

60 6 c. The appointments shall comply with sections 69.16 and  
60 7 69.16A.

60 8 d. The chairperson and vice chairperson of the board shall  
60 9 be elected by and from the board members. In case of the  
60 10 absence or disability of the chairperson and vice chairperson,  
60 11 the members of the board shall elect a temporary chairperson  
60 12 by a majority vote of those members who are present and  
60 13 voting.

60 14 e. The members shall be appointed to three-year staggered  
60 15 terms and the terms shall commence and end as provided by  
60 16 section 69.19. If a vacancy occurs, a successor shall be  
60 17 appointed to serve the unexpired term. A successor shall be  
60 18 appointed in the same manner and subject to the same  
60 19 qualifications as the original appointment to serve the  
60 20 unexpired term.

60 21 f. A majority of the board constitutes a quorum.

60 22 2. The board shall administer and implement the approval  
60 23 process for marketing strategies provided in subsection 3.

60 24 3. The economic development marketing board shall accept  
60 25 proposals for marketing strategies for purposes of selecting a  
60 26 strategy for the department to administer. The marketing  
60 27 strategies shall be designed to market Iowa as a lifestyle,  
60 28 increase the population of the state, increase the wealth of  
60 29 Iowans, and expand and stimulate the state economy. The  
60 30 economic development marketing board shall submit a  
60 31 recommendation regarding the proposal to the grow Iowa values  
60 32 board. In selecting a marketing strategy for recommendation,  
60 33 the economic development marketing board shall base the  
60 34 selection on the goals and performance measures provided in  
60 35 section 15G.106. The grow Iowa values board shall either

61 1 approve or deny the recommendation.  
61 2 4. The department shall implement and administer the  
61 3 marketing strategy approved by the grow Iowa values board as  
61 4 provided in subsection 3. The department shall provide the  
61 5 economic development marketing board with assistance in  
61 6 implementing administrative functions of the board and provide  
61 7 technical assistance to the board.

61 8 5. The members of the board are entitled to receive  
61 9 reimbursement for actual expenses incurred while engaged in  
61 10 the performance of official duties. A board member may also  
61 11 be eligible to receive compensation as provided in section  
61 12 7E.6.

61 13 Sec. 86. NEW SECTION. 15G.109 FUTURE CONSIDERATION.

61 14 Not later than February 1, 2007, the legislative services  
61 15 agency shall prepare and deliver to the secretary of the  
61 16 senate and the chief clerk of the house of representatives  
61 17 identical bills that repeal the provisions of this chapter.  
61 18 It is the intent of this section that the general assembly  
61 19 shall bring the bill to a vote in either the senate or the  
61 20 house of representatives expeditiously. It is further the  
61 21 intent of this chapter that if the bill is approved by the  
61 22 first house in which it is considered, it shall expeditiously  
61 23 be brought to a vote in the second house.

61 24 DIVISION VII

61 25 VALUE=ADDED AGRICULTURAL PRODUCTS AND PROCESSES

61 26 FINANCIAL ASSISTANCE PROGRAM

61 27 Sec. 87. Section 15E.111, subsection 1, Code 2003, is  
61 28 amended to read as follows:

61 29 1. a. The department shall establish a value-added  
61 30 agricultural products and processes financial assistance  
61 31 program. The department shall consult with the Iowa corn  
61 32 ~~growers association and the Iowa soybean association Iowa~~  
61 33 ~~commodity groups.~~ The purpose of the program is to encourage  
61 34 the increased utilization of agricultural commodities produced  
61 35 in this state. The program shall assist in efforts to  
62 1 revitalize rural regions of this state, by committing  
62 2 resources to provide financial assistance to new or existing  
62 3 value-added production facilities. The department of economic  
62 4 development may consult with other state agencies regarding  
62 5 any possible future environmental, health, or safety issues  
62 6 linked to technology related to the biotechnology industry.  
62 7 In awarding financial assistance, the department shall prefer  
62 8 producer-owned, value-added businesses and public and private  
62 9 joint ventures involving an institution of higher learning  
62 10 under the control of the state board of regents or a private  
62 11 college or university acquiring assets, research facilities,  
62 12 and leveraging moneys in a manner that meets the goals of the  
62 13 grow Iowa values fund and shall commit resources to assist the  
62 14 following:

62 15 a- (1) Facilities which are involved in the development of  
62 16 new innovative products and processes related to agriculture.  
62 17 The facility must do either of the following: produce a good  
62 18 derived from an agricultural commodity, if the good is not  
62 19 commonly produced from an agricultural commodity; or use a  
62 20 process to produce a good derived from an agricultural  
62 21 process, if the process is not commonly used to produce the  
62 22 good.

62 23 b- (2) Renewable fuel production facilities. As used in  
62 24 this section, "renewable fuel" means an energy source which is  
62 25 derived from an organic compound capable of powering  
62 26 machinery, including an engine or power plant.

62 27 (3) Agricultural business facilities in the agricultural  
62 28 biotechnology industry, agricultural biomass industry, and  
62 29 alternative energy industry. For purposes of this subsection:

62 30 (a) "Agricultural biomass industry" means businesses that  
62 31 utilize agricultural commodity crops, agricultural by-  
62 32 products, or animal feedstock in the production of chemicals,  
62 33 protein products, or other high-value products.

62 34 (b) "Agricultural biotechnology industry" means businesses  
62 35 that utilize scientifically enhanced plants or animals that  
63 1 can be raised by producers and used in the production of high-  
63 2 value products.

63 3 (c) "Alternative energy industry" includes businesses  
63 4 involved in the production of ethanol, including gasoline with  
63 5 a mixture of seventy percent or more ethanol, biodiesel,  
63 6 biomass, hydrogen, or in the production of wind energy.

63 7 (4) Facilities that add value to Iowa agricultural  
63 8 commodities through further processing and development of  
63 9 organic products and emerging markets.

63 10 (5) Producer-owned, value-added businesses, education of  
63 11 producers and management boards in value-added businesses, and

63 12 other activities that would support the infrastructure in the  
63 13 development of value-added agriculture. Public and private  
63 14 joint ventures involving an institution of higher learning  
63 15 under the control of the state board of regents or a private  
63 16 college or university to acquire assets, research facilities,  
63 17 and leverage moneys in a manner that meets the goals of the  
63 18 grow Iowa values fund. For purposes of this subsection,  
63 19 "producer-owned, value-added business" means a person who  
63 20 holds an equity interest in the agricultural business and is  
63 21 personally involved in the production of crops or livestock on  
63 22 a regular, continuous, and substantial basis.

63 23 b. Financial assistance awarded under this section may be  
63 24 in the form of a loan, loan guarantee, grant, production  
63 25 incentive payment, or a combination of financial assistance.  
63 26 The department shall not award more than twenty-five percent  
63 27 of the amount allocated to the value-added agricultural  
63 28 products and processes financial assistance fund during any  
63 29 fiscal year to support a single person. The department may  
63 30 finance any size of facility. However, the department ~~shall~~  
63 31 may reserve up to fifty percent of the total amount allocated  
63 32 to the fund, for purposes of assisting persons requiring ~~one~~  
63 33 five hundred thousand dollars or less in financial assistance.  
63 34 The amount shall be reserved until the end of the third  
63 35 quarter of the fiscal year. The department shall not provide  
64 1 financial assistance to support a value-added production  
64 2 facility if the facility or a person owning a controlling  
64 3 interest in the facility has demonstrated a continuous and  
64 4 flagrant disregard for the health and safety of its employees  
64 5 or the quality of the environment. Evidence of such disregard  
64 6 shall include a history of serious or uncorrected violations  
64 7 of state or federal law protecting occupational health and  
64 8 safety or the environment, including but not limited to  
64 9 serious or uncorrected violations of occupational safety and  
64 10 health standards enforced by the division of labor services of  
64 11 the department of workforce development pursuant to chapter  
64 12 84A, or rules enforced by the department of natural resources  
64 13 pursuant to chapter 455B or 459, subchapters II and III.

#### 64 14 DIVISION VIII

#### 64 15 ENDOW IOWA GRANTS

64 16 Sec. 88. NEW SECTION. 15E.301 SHORT TITLE.

64 17 This division shall be known as and may be cited as the  
64 18 "Endow Iowa Program Act".

64 19 Sec. 89. NEW SECTION. 15E.302 PURPOSE.

64 20 The purpose of this division is to enhance the quality of  
64 21 life for citizens of this state through increased  
64 22 philanthropic activity by providing capital to new and  
64 23 existing citizen groups of this state organized to establish  
64 24 endowment funds that will address community needs. The  
64 25 purpose of this division is also to encourage individuals,  
64 26 businesses, and organizations to invest in community  
64 27 foundations.

64 28 Sec. 90. NEW SECTION. 15E.303 DEFINITIONS.

64 29 As used in this division, unless the context otherwise  
64 30 requires:

64 31 1. "Board" means the governing board of the lead  
64 32 philanthropic entity identified by the department pursuant to  
64 33 section 15E.304.

64 34 2. "Business" means a business operating within the state  
64 35 and includes individuals operating a sole proprietorship or  
65 1 having rental, royalty, or farm income in this state and  
65 2 includes a consortium of businesses.

65 3 3. "Community affiliate organization" means a group of  
65 4 five or more community leaders or advocates organized for the  
65 5 purpose of increasing philanthropic activity in an identified  
65 6 community or geographic area in this state with the intention  
65 7 of establishing a community affiliate endowment fund.

65 8 4. "Endowment gift" means an irrevocable contribution to a  
65 9 permanent endowment held by a qualified community foundation.

65 10 5. "Lead philanthropic entity" means the entity identified  
65 11 by the department pursuant to section 15E.304.

65 12 6. "Qualified community foundation" means a community  
65 13 foundation organized or operating in this state that meets or  
65 14 exceeds the national standards established by the national  
65 15 council on foundations.

65 16 Sec. 91. NEW SECTION. 15E.304 ENDOW IOWA GRANTS.

65 17 1. The department shall identify a lead philanthropic  
65 18 entity for purposes of encouraging the development of  
65 19 qualified community foundations in this state. A lead  
65 20 philanthropic entity shall meet all of the following  
65 21 qualifications:

65 22 a. The entity shall be a nonprofit entity which is exempt

65 23 from federal income taxation pursuant to section 501(c)(3) of  
65 24 the Internal Revenue Code.

65 25 b. The entity shall be a statewide organization with  
65 26 membership consisting of organizations, such as community,  
65 27 corporate, and private foundations, whose principal function  
65 28 is the making of grants within the state of Iowa.

65 29 c. The entity shall have a minimum of forty members and  
65 30 that membership shall include qualified community foundations.

65 31 2. A lead philanthropic entity may receive a grant from  
65 32 the department. The board shall use the grant moneys to award  
65 33 endow Iowa grants to new and existing qualified community  
65 34 foundations and to community affiliate organizations that do  
65 35 all of the following:

66 1 a. Provide the board with all information required by the  
66 2 board.

66 3 b. Demonstrate a dollar=for=dollar funding match in a form  
66 4 approved by the board.

66 5 c. Identify a qualified community foundation to hold all  
66 6 funds. A qualified community foundation shall not be required  
66 7 to meet this requirement.

66 8 d. Provide a plan to the board demonstrating the method  
66 9 for distributing grant moneys received from the board to  
66 10 organizations within the community or geographic area as  
66 11 defined by the qualified community foundation or the community  
66 12 affiliate organization.

66 13 3. Endow Iowa grants awarded to new and existing qualified  
66 14 community foundations and to community affiliate organizations  
66 15 shall not exceed twenty-five thousand dollars per foundation  
66 16 or organization unless a foundation or organization  
66 17 demonstrates a multiple county or regional approach. Endow  
66 18 Iowa grants may be awarded on an annual basis with not more  
66 19 than three grants going to one county in a fiscal year.

66 20 4. In ranking applications for grants, the board shall  
66 21 consider a variety of factors including the following:

66 22 a. The demonstrated need for financial assistance.

66 23 b. The potential for future philanthropic activity in the  
66 24 area represented by or being considered for assistance.

66 25 c. The proportion of the funding match being provided.

66 26 d. For community affiliate organizations, the demonstrated  
66 27 need for the creation of a community affiliate endowment fund  
66 28 in the applicant's geographic area.

66 29 e. The identification of community needs and the manner in  
66 30 which additional funding will address those needs.

66 31 f. The geographic diversity of awards.

66 32 5. Of any moneys received by a lead philanthropic entity  
66 33 from the state, not more than five percent of such moneys  
66 34 shall be used by the entity for administrative purposes.

66 35 Sec. 92. NEW SECTION. 15E.306 REPORTS == AUDITS.

67 1 By January 31 of each year, the lead philanthropic entity,  
67 2 in cooperation with the department, shall publish an annual  
67 3 report of the activities conducted pursuant to this division  
67 4 during the previous calendar year and shall submit the report  
67 5 to the governor and the general assembly. The annual report  
67 6 shall include a listing of endowment funds and the amount of  
67 7 tax credits authorized by the department.

67 8 Sec. 93. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

67 9 This division of this Act, being deemed of immediate  
67 10 importance, takes effect upon enactment and is retroactively  
67 11 applicable to January 1, 2003, for tax years beginning on or  
67 12 after that date.

#### 67 13 DIVISION IX

##### 67 14 COMMERCIALIZATION OF RESEARCH ISSUES

67 15 Sec. 94. Section 262.9, Code 2003, is amended by adding  
67 16 the following new subsection:

67 17 NEW SUBSECTION. 29. By January 15 of each year, submit a  
67 18 report to the governor, through the director of technology in  
67 19 the office of the governor, and the general assembly  
67 20 containing information from the previous calendar year  
67 21 regarding all of the following:

67 22 a. Patents secured or applied for by each university under  
67 23 the control of the board delineated by university and by  
67 24 faculty member and staff member responsible for the research  
67 25 or activity that resulted in the patent. In the initial  
67 26 report filed by January 15, 2004, the board shall include an  
67 27 inventory of patent portfolios with details concerning which  
67 28 patents are creating financial benefit and the amount of  
67 29 financial benefit and which patents are not creating financial  
67 30 benefit and the amount invested in those patents.

67 31 b. Research grants secured by each university under the  
67 32 control of the board from both public and private sources  
67 33 delineated by university and by faculty member and staff

67 34 member. The board shall also include the same information for  
67 35 grant applications that are denied.

68 1 c. The number of faculty members and staff members at each  
68 2 university under the control of the board involved in a start=  
68 3 up company.

68 4 d. The number of grant applications for research received  
68 5 by each university under the control of the board for start-up  
68 6 companies, the number of applications approved, and the number  
68 7 of applications denied.

68 8 e. The number of agreements entered into by faculty  
68 9 members and staff members at each university under the control  
68 10 of the board with foundations affiliated with the universities  
68 11 relating to business start-ups.

68 12 f. An accounting of the financial gain received by each  
68 13 university under the control of the board relating to patents  
68 14 sold, royalties received, licensing fees, and any other  
68 15 remuneration received by the university related to technology  
68 16 transfer.

68 17 g. The number of professional employees at each university  
68 18 under the control of the board who assist in the transfer of  
68 19 technology and research to commercial application.

68 20 Sec. 95. Section 262B.1, Code 2003, is amended to read as  
68 21 follows:

68 22 262B.1 TITLE.

68 23 This chapter shall be known and may be cited as the  
68 24 ~~"University-Based Research and Economic Development~~  
68 25 ~~"Commercialization of Research for Iowa Act"~~.

68 26 Sec. 96. Section 262B.2, Code 2003, is amended by striking  
68 27 the section and inserting in lieu thereof the following:

68 28 262B.2 LEGISLATIVE INTENT.

68 29 It is the intent of the general assembly that the three  
68 30 universities under the control of the state board of regents  
68 31 have as part of their mission the use of their universities'  
68 32 expertise to expand and stimulate economic growth across the  
68 33 state. This activity may be accomplished through a wide  
68 34 variety of partnerships, public and private joint ventures,  
68 35 and cooperative endeavors, primarily in the area of high  
69 1 technology, and may result in investments by the private  
69 2 sector for commercialization of the technology. It is  
69 3 imperative that the investments and job creation be in Iowa,  
69 4 but need not be in the proximity of the universities. The  
69 5 purpose is to expand and stimulate Iowa's economy, increase  
69 6 the wealth of Iowans, and increase the population of Iowa,  
69 7 which may be accomplished through research conducted within  
69 8 the state that will competitively position Iowa on an economic  
69 9 basis with other states and create high-wage, high-growth  
69 10 employers and jobs. It is also the intent of the general  
69 11 assembly that real or virtual research parks will be  
69 12 established and maintained by the universities in close enough  
69 13 proximity to the ventures that cooperation between the  
69 14 academic, research, and commercialization phases will be  
69 15 encouraged. It is the intent of the general assembly that  
69 16 satellites of the research parks will expand and stimulate  
69 17 economic growth in other areas of the state.

69 18 Sec. 97. Section 262B.3, Code 2003, is amended to read as  
69 19 follows:

69 20 262B.3 ~~ESTABLISHMENT OF CONSORTIUM DUTIES AND~~  
69 21 ~~RESPONSIBILITIES.~~

69 22 ~~1. The state board of regents or the universities under~~  
69 23 ~~its jurisdiction, as part of its mission and strategic plan,~~  
69 24 ~~shall establish consortiums mechanisms for the purpose of~~  
69 25 ~~carrying out the intent of this chapter. The majority of~~  
69 26 ~~consortium members shall be from the university community and~~  
69 27 ~~the balance of members shall be from private industry. The~~  
69 28 ~~members of the consortium shall be appointed by the president~~  
69 29 ~~of the convening university and will serve at the pleasure of~~  
69 30 ~~the president. In addition to other board initiatives, the~~  
69 31 ~~board shall work with the department of economic development,~~  
69 32 ~~other state agencies, and the private sector to facilitate the~~  
69 33 ~~commercialization of research.~~

69 34 ~~2. Activities to implement this chapter may include:~~

69 35 ~~a. Developing strategies to market university research for~~  
70 1 ~~commercialization in Iowa.~~

70 2 ~~b. Matching university resources with the needs of~~  
70 3 ~~existing Iowa firms or start-up opportunities.~~

70 4 ~~c. Evaluating university research for commercialization~~  
70 5 ~~potential, where relevant.~~

70 6 ~~d. Developing a plan to improve private sector access to~~  
70 7 ~~the university licenses and patent information and the~~  
70 8 ~~transfer of technology from the university to the private~~  
70 9 ~~sector.~~

70 10 e. Disseminating information on research activities of the  
70 11 university.  
70 12 f. Identifying research needs of existing Iowa businesses  
70 13 and recommending ways in which the universities can meet these  
70 14 needs.  
70 15 g. Linking research and instruction activities to economic  
70 16 development.  
70 17 h. Reviewing and monitoring activities related to  
70 18 technology transfer.  
70 19 i. Coordinating activities to facilitate a focus on  
70 20 research in the state's targeted industry clusters.  
70 21 j. Surveying of similar activities in other states and at  
70 22 other universities.  
70 23 k. Establishing a single point of contact to facilitate  
70 24 commercialization of research.

70 25 Sec. 98. Section 262B.5, Code 2003, is amended to read as  
70 26 follows:

70 27 262B.5 ~~REGENTS AND DEPARTMENT OF ECONOMIC DEVELOPMENT~~  
70 28 ~~REPORTING.~~

70 29 ~~The state board of regents and the Iowa department of~~  
70 30 ~~economic development shall enter into an agreement under~~  
70 31 ~~chapter 28E to coordinate and facilitate the activities of the~~  
70 32 ~~consortiums. The state board of regents and with input from~~  
70 33 ~~the Iowa department of economic development shall report~~  
70 34 ~~annually to the governor and the general assembly concerning~~  
70 35 ~~the activities of the consortiums conducted pursuant to this~~  
71 1 ~~chapter.~~

71 2 Sec. 99. NEW SECTION. 262B.6 DIRECTOR OF TECHNOLOGY ==  
71 3 TECHNOLOGY TRANSFER AGENTS.

71 4 1. The governor shall appoint a director of technology to  
71 5 serve within the office of the governor. A position is  
71 6 created for a deputy director of technology within the office  
71 7 of the governor. The director and the deputy director shall  
71 8 be responsible for advancing technology transfer and  
71 9 commercialization issues in the state and shall coordinate the  
71 10 related activities at the institutions of higher learning  
71 11 under the control of the state board of regents. The director  
71 12 shall have demonstrated expertise and experience in the areas  
71 13 of business, industry, and academics.

71 14 2. Each institution of higher learning under the control  
71 15 of the state board of regents shall designate an employee to  
71 16 serve as a technology transfer agent to coordinate the  
71 17 activities of the institution with the director of technology  
71 18 within the office of the governor.

71 19 3. By December 1, 2004, the director shall conduct a study  
71 20 and develop recommendations for the advancement of technology  
71 21 transfer and commercialization issues. The director shall  
71 22 compile and submit the recommendations in written form to the  
71 23 general assembly by December 1, 2004. The recommendations  
71 24 shall include specific and detailed proposed amendments to the  
71 25 Code of Iowa necessary to advance the proposed  
71 26 recommendations.

71 27 Sec. 100. Section 262B.4, Code 2003, is repealed.

71 28 DIVISION X  
71 29 IOWA ECONOMIC DEVELOPMENT  
71 30 LOAN AND CREDIT GUARANTEE FUND

71 31 Sec. 101. NEW SECTION. 15E.221 SHORT TITLE.

71 32 This division shall be known and may be cited as the "Iowa  
71 33 Economic Development Loan and Credit Guarantee Fund Act".

71 34 Sec. 102. NEW SECTION. 15E.222 LEGISLATIVE FINDING ==  
71 35 PURPOSES.

72 1 1. The general assembly finds all of the following:

72 2 a. That small and medium-sized businesses, in general, and  
72 3 certain targeted industry businesses and other qualified  
72 4 businesses, in particular, may not qualify for conventional  
72 5 financing.

72 6 b. That the limited availability of credit for export  
72 7 transactions limits the ability of small and medium-sized  
72 8 businesses in this state to compete in international markets.

72 9 c. That, to enhance competitiveness and foster economic  
72 10 development, this state must focus on growth in certain  
72 11 specific targeted industry businesses and other qualified  
72 12 businesses, especially during a time of war.

72 13 d. That the challenge for the public economic sector is to  
72 14 create an atmosphere conducive to economic growth, in  
72 15 conjunction with financial institutions in the private sector,  
72 16 which fill the gaps in credit availability and export finance,  
72 17 and that allow the private sector to identify the lending  
72 18 opportunities and foster decision making at the local level.

72 19 2. The general assembly declares the purposes of this  
72 20 division to be all of the following:

72 21 a. To create incentives and assistance to increase the  
72 22 flow of private capital to targeted industry businesses and  
72 23 other qualified businesses.  
72 24 b. To promote industrial modernization and technology  
72 25 adoption.  
72 26 c. To encourage the retention and creation of jobs.  
72 27 d. To encourage the export of goods and services sold by  
72 28 Iowa businesses in national and international markets.  
72 29 Sec. 103. NEW SECTION. 15E.223 DEFINITIONS.  
72 30 As used in this division, unless the context otherwise  
72 31 requires:  
72 32 1. "Financial institution" means an institution listed in  
72 33 section 422.61, subsection 1, or such other financial  
72 34 institution as defined by the department for purposes of this  
72 35 division.  
73 1 2. "Program" means the loan and credit guarantee program  
73 2 established in this division.  
73 3 3. "Qualified business" means an existing or proposed  
73 4 business entity with an annual average number of employees not  
73 5 exceeding two hundred employees. "Qualified business" does  
73 6 not include businesses engaged primarily in retail sales, real  
73 7 estate, or the provision of health care or other professional  
73 8 services. "Qualified business" includes professional services  
73 9 businesses that provide services to targeted industry  
73 10 businesses or other entities.  
73 11 4. "Targeted industry business" means an existing or  
73 12 proposed business entity, including an emerging small business  
73 13 or qualified business which is operated for profit and which  
73 14 has a primary business purpose of doing business in at least  
73 15 one of the targeted industries designated by the department  
73 16 which include life sciences, software and information  
73 17 technology, advanced manufacturing, value-added agriculture,  
73 18 and any other industry designated as a targeted industry by  
73 19 the loan and credit guarantee advisory board.  
73 20 Sec. 104. NEW SECTION. 15E.224 LOAN AND CREDIT GUARANTEE  
73 21 PROGRAM.  
73 22 1. The department shall, with the advice of the loan and  
73 23 credit guarantee advisory board, establish and administer a  
73 24 loan and credit guarantee program. The department, pursuant  
73 25 to agreements with financial institutions, shall provide loan  
73 26 and credit guarantees, or other forms of credit guarantees for  
73 27 qualified businesses and targeted industry businesses for  
73 28 eligible project costs. A loan or credit guarantee provided  
73 29 under the program may stand alone or may be used in  
73 30 conjunction with or to enhance other loans or credit  
73 31 guarantees, offered by private, state, or federal entities.  
73 32 The department may purchase insurance to cover defaulted loans  
73 33 meeting the requirements of the program. However, the  
73 34 department shall not in any manner directly or indirectly  
73 35 pledge the credit of the state. Eligible project costs  
74 1 include expenditures for productive equipment and machinery,  
74 2 working capital for operations and export transactions,  
74 3 research and development, marketing, and such other costs as  
74 4 the department may so designate.  
74 5 2. A loan or credit guarantee or other form of credit  
74 6 guarantee provided under the program to a participating  
74 7 financial institution for a single qualified business or  
74 8 targeted industry business shall not exceed one million  
74 9 dollars in value. Loan or credit guarantees or other forms of  
74 10 credit guarantees provided under the program to more than one  
74 11 participating financial institution for a single qualified  
74 12 business or targeted industry business shall not exceed ten  
74 13 million dollars in value.  
74 14 3. In administering the program, the department shall  
74 15 consult and cooperate with financial institutions in this  
74 16 state and with the loan and credit guarantee advisory board.  
74 17 Administrative procedures and application procedures, as  
74 18 practicable, shall be responsive to the needs of qualified  
74 19 businesses, targeted industry businesses, and financial  
74 20 institutions, and shall be consistent with prudent investment  
74 21 and lending practices and criteria.  
74 22 4. Each participating financial institution shall identify  
74 23 and underwrite potential lending opportunities with qualified  
74 24 businesses and targeted industry businesses. Upon a  
74 25 determination by a participating financial institution that a  
74 26 qualified business or targeted industry business meets the  
74 27 underwriting standards of the financial institution, subject  
74 28 to the approval of a loan or credit guarantee, the financial  
74 29 institution shall submit the underwriting information and a  
74 30 loan or credit guarantee application to the department.  
74 31 5. The department, with the advice of the loan and credit



74 32 guarantee advisory board, shall adopt a loan or credit  
74 33 guarantee application procedure for a financial institution on  
74 34 behalf of a qualified business or targeted industry business.  
74 35 6. Upon approval of a loan or credit guarantee, the  
75 1 department shall enter into a loan or credit guarantee  
75 2 agreement with the participating financial institution. The  
75 3 agreement shall specify all of the following:  
75 4 a. The fee to be charged to the financial institution.  
75 5 b. The evidence of debt assurance of, and security for,  
75 6 the loan or credit guarantee.  
75 7 c. A loan or credit guarantee that does not exceed fifteen  
75 8 years.  
75 9 d. Any other terms and conditions considered necessary or  
75 10 desirable by the department.  
75 11 7. The department, with the advice of the loan and credit  
75 12 guarantee advisory board, may adopt loan and credit guarantee  
75 13 application procedures that allow a qualified business or  
75 14 targeted industry business to apply directly to the department  
75 15 for a preliminary guarantee commitment. A preliminary  
75 16 guarantee commitment may be issued by the department subject  
75 17 to the qualified business or targeted industry business  
75 18 securing a commitment for financing from a financial  
75 19 institution. The application procedures shall specify the  
75 20 process by which a financial institution may obtain a final  
75 21 loan and credit guarantee.

75 22 Sec. 105. NEW SECTION. 15E.225 TERMS == FEES.

75 23 1. When entering into a loan or credit guarantee  
75 24 agreement, the department, with the advice of the loan and  
75 25 credit guarantee advisory board, shall establish fees and  
75 26 other terms for participation in the program by qualified  
75 27 businesses and targeted industry businesses.  
75 28 2. The department, with due regard for the possibility of  
75 29 losses and administrative costs and with the advice of the  
75 30 loan and credit guarantee advisory board, shall set fees and  
75 31 other terms at levels sufficient to assure that the program is  
75 32 self-financing.

75 33 3. For a preliminary guarantee commitment, the department  
75 34 may charge a qualified business or targeted industry business  
75 35 a preliminary guarantee commitment fee. The application fee  
76 1 shall be in addition to any other fees charged by the  
76 2 department under this section and shall not exceed one  
76 3 thousand dollars for an application.

76 4 Sec. 106. NEW SECTION. 15E.226 LOAN AND CREDIT GUARANTEE  
76 5 ADVISORY BOARD.

76 6 A loan and credit guarantee advisory board is established  
76 7 consisting of seven members appointed by the governor, subject  
76 8 to confirmation by the senate. The advisory board shall  
76 9 provide the department with technical advice regarding the  
76 10 administration of the program, including the adoption of  
76 11 administrative rules pursuant to chapter 17A. The advisory  
76 12 board shall review and provide recommendations regarding all  
76 13 applications under the program. Members of the advisory board  
76 14 are entitled to receive reimbursement for actual expenses  
76 15 incurred while engaged in the performance of official duties.  
76 16 Advisory board members may also be eligible to receive  
76 17 compensation as provided in section 7E.6. The director of the  
76 18 department shall budget moneys to pay the compensation and  
76 19 expenses of the advisory board. The provisions of this  
76 20 section relating to the adoption of administrative rules shall  
76 21 be construed narrowly.

76 22 DIVISION XI

76 23 ECONOMIC DEVELOPMENT ASSISTANCE AND DATA COLLECTION

76 24 Sec. 107. NEW SECTION. 15E.118 BUSINESS START-UP  
76 25 INFORMATION == INTERNET WEB SITE.

76 26 The department shall provide information through an  
76 27 internet web site and a toll-free telephone service to assist  
76 28 persons interested in establishing a commercial facility or  
76 29 engaging in a commercial activity. The information shall  
76 30 include all of the following:

76 31 1. Assistance, information, and guidance for start-up  
76 32 businesses.

76 33 2. Information gathered by the department pursuant to  
76 34 section 15E.17, subsection 2.

76 35 3. Personal and corporate income tax information.

77 1 4. Information regarding financial assistance and  
77 2 incentives available to businesses.

77 3 5. Workforce availability in the state presented in a  
77 4 regional format.

77 5 Sec. 108. NEW SECTION. 15E.119 ECONOMIC DEVELOPMENT=  
77 6 RELATED DATA COLLECTION.

77 7 1. The department shall interview any business that

77 8 considered locating in Iowa but decided to locate elsewhere.  
77 9 The department shall attempt to determine factors that  
77 10 affected the location decision of the business.

77 11 2. The department shall interview any business that closes  
77 12 major operations in the state or dissolves the business's  
77 13 corporate status in an effort to identify factors that led to  
77 14 the closure or dissolution.

77 15 3. By January 15 of each year, the department shall submit  
77 16 a written report to the general assembly that summarizes the  
77 17 information collected pursuant to this section and provides  
77 18 suggested amendments to the Code of Iowa and the Iowa  
77 19 administrative code designed to stimulate and expand the  
77 20 state's economy.

77 21 Sec. 109. INTERNET WEB SITE DEVELOPMENT. In developing  
77 22 the internet web site required in section 15E.118, the  
77 23 department of economic development shall examine similar  
77 24 efforts in other states and incorporate the best practices.

77 25 DIVISION XII

77 26 CULTURAL AND ENTERTAINMENT DISTRICTS

77 27 Sec. 110. NEW SECTION. 303.3B CULTURAL AND ENTERTAINMENT  
77 28 DISTRICTS.

77 29 1. The department of cultural affairs shall establish and  
77 30 administer a cultural and entertainment district certification  
77 31 program. The program shall encourage the growth of  
77 32 communities through the development of areas within a city or  
77 33 county for public and private uses related to cultural and  
77 34 entertainment purposes.

77 35 2. A city or county may create and designate a cultural  
78 1 and entertainment district subject to certification by the  
78 2 department of cultural affairs, in consultation with the  
78 3 department of economic development. A cultural and  
78 4 entertainment district shall consist of a geographic area not  
78 5 exceeding one square mile in size. A cultural and  
78 6 entertainment district certification shall remain in effect  
78 7 for ten years following the date of certification. Two or  
78 8 more cities or counties may apply jointly for certification of  
78 9 a district that extends across a common boundary. Through the  
78 10 adoption of administrative rules, the department of cultural  
78 11 affairs shall develop a certification application for use in  
78 12 the certification process. The provisions of this subsection  
78 13 relating to the adoption of administrative rules shall be  
78 14 construed narrowly.

78 15 3. The department of cultural affairs shall encourage  
78 16 development projects and activities located in certified  
78 17 cultural and entertainment districts through incentives under  
78 18 cultural grant programs pursuant to section 303.3, chapter  
78 19 303A, and any other grant programs.

78 20 DIVISION XIII

78 21 UNIVERSITY=BASED RESEARCH UTILIZATION PROGRAM

78 22 Sec. 111. NEW SECTION. 262B.11 UNIVERSITY=BASED RESEARCH  
78 23 UTILIZATION PROGRAM.

78 24 1. The department of economic development shall establish  
78 25 and administer a university=based research utilization program  
78 26 for purposes of encouraging the utilization of university=  
78 27 based research, primarily in the area of high technology, in  
78 28 new or existing businesses. The program shall include the  
78 29 three universities under the control of the state board of  
78 30 regents and all accredited private universities located in the  
78 31 state.

78 32 2. A new or existing business that utilizes a technology  
78 33 developed by an employee at a university under the control of  
78 34 the state board of regents may apply to the department of  
78 35 economic development for approval to participate in the  
79 1 university=based research utilization program. The department  
79 2 shall approve an applicant if the applicant meets all of the  
79 3 following criteria:

79 4 a. The applicant utilizes a technology developed by an  
79 5 employee at a university under the control of the state board  
79 6 of regents, provided that the technology has received a patent  
79 7 after the effective date of this Act. If the applicant has  
79 8 been in existence more than one year prior to applying, the  
79 9 applicant shall organize a separate company to utilize the  
79 10 technology. For purposes of this section, the separate  
79 11 company shall be considered the applicant and, if approved,  
79 12 the approved business.

79 13 b. The applicant develops a five-year business plan  
79 14 approved by the department. The plan shall include  
79 15 information concerning the applicant's Iowa employment goals  
79 16 and projected impact on the Iowa economy. The department  
79 17 shall only approve plans showing sufficient potential impact  
79 18 on Iowa employment and economic development.

79 19 c. The applicant meets a minimum-size business standard  
79 20 determined by the department.

79 21 d. The applicant provides annual reports to the department  
79 22 that include employment statistics for the applicant and the  
79 23 total taxable wages paid to Iowa employees and reported to the  
79 24 department of revenue and finance pursuant to section 422.16.

79 25 3. A business approved under the program and the  
79 26 university employee responsible for the development of the  
79 27 technology utilized by the approved business shall be eligible  
79 28 for a tax credit. The credit shall be allowed against the  
79 29 taxes imposed in chapter 422, divisions II and III. An  
79 30 individual may claim a tax credit under this section of a  
79 31 partnership, limited liability company, S corporation, estate,  
79 32 or trust electing to have income taxed directly to the  
79 33 individual. The amount claimed by the individual shall be  
79 34 based upon the pro rata share of the individual's earnings  
79 35 from the partnership, limited liability company, S  
80 1 corporation, estate, or trust. A tax credit shall not be  
80 2 claimed under this subsection unless a tax credit certificate  
80 3 issued by the department of economic development is attached  
80 4 to the taxpayer's tax return for the tax year for which the  
80 5 tax credit is claimed. The amount of a tax credit allowed  
80 6 under this subsection shall equal the amount listed on a tax  
80 7 credit certificate issued by the department of economic  
80 8 development pursuant to subsection 4. A tax credit  
80 9 certificate shall not be transferable. Any tax credit in  
80 10 excess of the taxpayer's liability for the tax year may be  
80 11 credited to the taxpayer's tax liability for the following  
80 12 five years or until depleted, whichever occurs first. A tax  
80 13 credit shall not be carried back to a tax year prior to the  
80 14 tax year in which the taxpayer redeems the tax credit.

80 15 4. For the five tax years following the tax year in which  
80 16 a business is approved under the program, the department of  
80 17 revenue and finance shall provide the department of economic  
80 18 development with information required by the department of  
80 19 economic development from each tax return filed by the  
80 20 approved business. Upon receiving the tax return-related  
80 21 information, the department of economic development shall do  
80 22 all of the following:

80 23 a. Review the information provided by the department of  
80 24 revenue and finance pursuant to this subsection and the annual  
80 25 report submitted by the applicant pursuant to subsection 2,  
80 26 paragraph "d". If the department determines that the business  
80 27 activities of the applicant are not providing the benefits to  
80 28 Iowa employment and economic development projected in the  
80 29 applicant's approved five-year business plan, the department  
80 30 shall not issue tax credit certificates for that year to the  
80 31 applicant or university employee and shall determine any  
80 32 related university share to be equal to zero for that year.

80 33 b. Effective for the fiscal year beginning July 1, 2004,  
80 34 and for subsequent fiscal years, issue a tax credit  
80 35 certificate to the approved business and the university  
81 1 employee responsible for the development of the technology  
81 2 utilized by the approved business in an amount determined  
81 3 pursuant to subsection 5. A tax credit certificate shall  
81 4 contain the taxpayer's name, address, tax identification  
81 5 number, the amount of the tax credit, and other information  
81 6 required by the department of revenue and finance.

81 7 c. (1) Determine the university share which is equal to  
81 8 the value of thirty percent of the tax liability of the  
81 9 approved business for purposes of making an appropriation  
81 10 pursuant to section 262B.12, if enacted by 2003 Iowa Acts,  
81 11 House File 683 or another Act, to the university where the  
81 12 technology utilized by the approved business was developed. A  
81 13 university share shall not exceed two hundred twenty-five  
81 14 thousand dollars per year per technology utilized. For each  
81 15 technology utilized, the aggregate university share over a  
81 16 five-year period shall not exceed six hundred thousand  
81 17 dollars.

81 18 (2) The department shall maintain records for each  
81 19 university during each fiscal year regarding the university  
81 20 share each university is entitled to receive through the  
81 21 appropriation in section 262B.12, if enacted by 2003 Iowa  
81 22 Acts, House File 683 or another Act. A university shall be  
81 23 entitled to receive the total university share for that  
81 24 particular university during the previous fiscal year.

81 25 d. For the fiscal year beginning July 1, 2004, not more  
81 26 than two million dollars worth of certificates shall be issued  
81 27 pursuant to paragraph "b". For the fiscal year beginning July  
81 28 1, 2005, and every fiscal year thereafter, not more than ten  
81 29 million dollars worth of certificates shall be issued pursuant

81 30 to paragraph "b".

81 31 5. The tax credit certificates issued by the department  
81 32 for each of the five years following the tax year in which the  
81 33 business is approved under the program shall be for the  
81 34 following amounts:

81 35 a. For the approved business, the value of the tax credit  
82 1 certificate shall equal thirty percent of the tax liability of  
82 2 the approved business. The value of a certificate issued to  
82 3 an approved business shall not exceed two hundred twenty-five  
82 4 thousand dollars. The total aggregate value of certificates  
82 5 issued over a five-year period to an approved business shall  
82 6 not exceed six hundred thousand dollars.

82 7 b. For the university employee responsible for the  
82 8 development of the technology utilized by the approved  
82 9 business, the value of the tax credit certificate shall equal  
82 10 ten percent of the tax liability of the approved business. If  
82 11 more than one employee is responsible for the development of  
82 12 the technology, the value equal to ten percent of the tax  
82 13 liability of the approved business shall be divided equally  
82 14 and individual tax credit certificates shall be issued to each  
82 15 employee responsible for the development of the technology.  
82 16 Each year, the total value of a certificate or certificates  
82 17 issued for a utilized technology shall not exceed seventy-five  
82 18 thousand dollars. For each technology utilized, the total  
82 19 aggregate value of certificates issued over a five-year period  
82 20 to the university employee responsible for the development of  
82 21 the technology shall not exceed two hundred thousand dollars.

82 22 6. The department of economic development shall notify the  
82 23 department of revenue and finance when a tax credit  
82 24 certificate is issued pursuant to subsection 4. The  
82 25 notification shall include the name and tax identification  
82 26 number appearing on any tax credit certificate.

82 27 Sec. 112. NEW SECTION. 422.11H UNIVERSITY-BASED RESEARCH  
82 28 UTILIZATION PROGRAM TAX CREDIT.

82 29 The taxes imposed under this division, less the credits  
82 30 allowed under sections 422.12 and 422.12B, shall be reduced by  
82 31 a university-based research utilization program tax credit  
82 32 authorized pursuant to section 262B.11.

82 33 Sec. 113. Section 422.33, Code 2003, is amended by adding  
82 34 the following new subsection:

82 35 NEW SUBSECTION. 14. The taxes imposed under this division  
83 1 shall be reduced by a university-based research utilization  
83 2 program tax credit authorized pursuant to section 262B.11.

83 3 DIVISION XIV  
83 4 FUTURE REPEAL

83 5 Sec. 114. The divisions of this Act designated the grow  
83 6 Iowa board and fund, the value-added agricultural products and  
83 7 processes financial assistance program, the endow Iowa grants,  
83 8 the technology transfer advisors, the Iowa economic  
83 9 development loan and credit guarantee fund, the economic  
83 10 development assistance and data collection, the cultural and  
83 11 entertainment districts, the workforce issues, and the  
83 12 university-based research utilization program, are repealed  
83 13 effective June 30, 2010.

83 14 DIVISION XV  
83 15 LIABILITY REFORM

83 16 Sec. 115. Section 625A.9, Code 2003, is amended to read as  
83 17 follows:

83 18 625A.9 EXECUTION ON UNSTAYED PART OF JUDGMENT ==  
83 19 SUPERSEDEAS BOND WAIVED.

83 20 1. The taking of the appeal from part of a judgment or  
83 21 order, and the filing of a bond as above directed, does not  
83 22 stay execution as to that part of the judgment or order not  
83 23 appealed from.

83 24 2. If the judgment or order appealed from is for money,  
83 25 such bond shall not exceed one hundred ten percent of the  
83 26 amount of the money judgment.

83 27 3. Upon motion and for good cause shown, the district  
83 28 court may stay all proceedings under the order or judgment  
83 29 being appealed and permit the state or any of its political  
83 30 subdivisions to appeal a judgment or order to the supreme  
83 31 court without the filing of a supersedeas bond.

83 32 Sec. 116. Section 668.12, Code 2003, is amended to read as  
83 33 follows:

83 34 668.12 LIABILITY FOR PRODUCTS == STATE OF THE ART DEFENSE  
83 35 DEFENSES.

84 1 1. In any action brought pursuant to this chapter against  
84 2 an assembler, designer, supplier of specifications,  
84 3 distributor, manufacturer, or seller for damages arising from  
84 4 an alleged defect in the design, testing, manufacturing,  
84 5 formulation, packaging, warning, or labeling of a product, a

84 6 percentage of fault shall not be assigned to such persons if  
84 7 they plead and prove that the product conformed to the state  
84 8 of the art in existence at the time the product was designed,  
84 9 tested, manufactured, formulated, packaged, provided with a  
84 10 warning, or labeled.

84 11 2. Nothing contained in this section subsection 1 shall  
84 12 diminish the duty of an assembler, designer, supplier of  
84 13 specifications, distributor, manufacturer or seller to warn  
84 14 concerning subsequently acquired knowledge of a defect or  
84 15 dangerous condition that would render the product unreasonably  
84 16 dangerous for its foreseeable use or diminish the liability  
84 17 for failure to so warn.

84 18 3. An assembler, designer, supplier of specifications,  
84 19 distributor, manufacturer, or seller shall not be subject to  
84 20 liability under a theory of civil conspiracy unless the person  
84 21 knowingly and voluntarily entered into an agreement, express  
84 22 or implied, to participate in a common plan with the intent to  
84 23 commit a tortious act upon another. Mere membership in a  
84 24 trade or industrial association or group is not, in and of  
84 25 itself, evidence of such an agreement.

84 26 Sec. 117. Section 668A.1, subsection 1, Code 2003, is  
84 27 amended to read as follows:

84 28 1. In a trial of a claim involving the request for  
84 29 punitive or exemplary damages, the court shall instruct the  
84 30 jury to answer special interrogatories or, if there is no  
84 31 jury, shall make findings, indicating all of the following:

84 32 a. ~~Whether, by a preponderance of clear, convincing, and~~  
84 33 ~~satisfactory evidence, the conduct of the defendant from which~~  
84 34 ~~the claim arose constituted willful and wanton disregard for~~  
84 35 ~~the rights or safety of another.~~

85 1 b. Whether the conduct of the defendant was directed  
85 2 specifically at the claimant, or at the person from which the  
85 3 claimant's claim is derived.

85 4 b. Whether, by a preponderance of clear and convincing  
85 5 evidence, the conduct of the defendant from which the claim  
85 6 arose constituted actual malice.

85 7 Sec. 118. NEW SECTION. 668A.2 DEFINITIONS.

85 8 As used in this chapter, the following terms shall have the  
85 9 following meanings:

85 10 1. "Clear and convincing evidence" means evidence which  
85 11 leaves no serious or substantial doubt about the correctness  
85 12 of the conclusions drawn from the evidence. It is more than a  
85 13 preponderance of evidence, but less than beyond a reasonable  
85 14 doubt.

85 15 2. "Malice" means either conduct which is specifically  
85 16 intended by the defendant to cause tangible or intangible  
85 17 serious injury to the plaintiff or conduct that is carried out  
85 18 by the defendant both with a flagrant indifference to the  
85 19 rights of the plaintiff and with a subjective awareness that  
85 20 such conduct will result in tangible serious injury.

85 21 Sec. 119. NEW SECTION. 668A.3 AWARD OF PUNITIVE OR  
85 22 EXEMPLARY DAMAGES == PROOF == STANDARD.

85 23 Punitive or exemplary damages shall only be awarded where  
85 24 the plaintiff proves by clear and convincing evidence that the  
85 25 plaintiff's harm was the result of actual malice. This burden  
85 26 of proof shall not be satisfied by proof of any degree of  
85 27 negligence, including gross negligence.

85 28 Sec. 120. APPLICABILITY. This division of this Act,  
85 29 relating to liability reform, applies to cases filed on or  
85 30 after July 1, 2003.

85 31 DIVISION XVI  
85 32 WORKERS' COMPENSATION

85 33 Sec. 121. Section 85.34, subsection 2, paragraph u, Code  
85 34 2003, is amended by adding the following new unnumbered  
85 35 paragraph after unnumbered paragraph 2:

86 1 NEW UNNUMBERED PARAGRAPH. When an employee makes a claim  
86 2 for benefits under this subsection, the employer is not liable  
86 3 for that portion of the employee's present disability caused  
86 4 by a prior work-related injury or illness that was sustained  
86 5 by the employee while the employee was employed by a different  
86 6 employer. When an employee's present disability includes  
86 7 disability caused by a prior work-related injury or illness  
86 8 that was sustained by the employee while in the employ of the  
86 9 same employer, the employer is liable for compensating all of  
86 10 the employee's work-related disability sustained by the  
86 11 employee while in the employ of the employer, except that any  
86 12 portion of the disability that was previously compensated by  
86 13 the employer shall be deducted from the employer's obligation  
86 14 to pay benefits for the employee's present disability. If an  
86 15 employee's present disability is reduced by a portion of  
86 16 disability sustained from prior work-related injuries or

86 17 illnesses for which the employee has already been compensated  
86 18 by the same employer, then the employee shall receive  
86 19 compensation for the remaining disability caused by the  
86 20 present work-related injury or illness plus an additional ten  
86 21 percent of the amount of the increase in disability.  
86 22 Sec. 122. Section 86.12, Code 2003, is amended to read as  
86 23 follows:

86 24 86.12 FAILURE TO REPORT.

86 25 The workers' compensation commissioner may require any  
86 26 employer to supply the information required by section 86.10  
86 27 or to file a report required by section 86.11 or 86.13 or by  
86 28 agency rule, by written demand sent to the employer's last  
86 29 known address. Upon failure to supply such information or  
86 30 file such report within ~~twenty~~ thirty days, the employer may  
86 31 be ordered to appear and show cause why the employer should  
86 32 not be subject to ~~civil penalty assessment~~ of one ~~hundred~~  
86 33 thousand dollars for each occurrence. Upon such hearing, the  
86 34 workers' compensation commissioner shall enter a finding of  
86 35 fact and may enter an order requiring such ~~penalty assessment~~  
87 1 to be paid into the second injury fund created by sections  
87 2 85.63 to 85.69. In the event the ~~civil penalty assessed~~  
87 3 ~~assessment~~ is not voluntarily paid within thirty days the  
87 4 workers' compensation commissioner may file a certified copy  
87 5 of such finding and order with the clerk of the court for the  
87 6 district in which the employer maintains a place of business.  
87 7 If the employer maintains no place of business in this state  
87 8 service shall be made as provided in chapter 85 for  
87 9 nonresident employers. In such case the finding and order may  
87 10 be filed in any court of competent jurisdiction within this  
87 11 state.

87 12 The workers' compensation commissioner may thereafter  
87 13 petition the court for entry of judgment upon such order,  
87 14 serving notice of such petition on the employer and any other  
87 15 person in default. If the court finds the order valid, the  
87 16 court shall enter judgment against the person or persons in  
87 17 default for the amount due under the order. No fees shall be  
87 18 required for the filing of the order or for the petition for  
87 19 judgment, or for the entry of judgment or for any enforcement  
87 20 procedure thereupon. No supersedeas shall be granted by any  
87 21 court to a judgment entered under this section.

87 22 When a report is required under section 86.11 or 86.13 or  
87 23 by agency rule, and ~~that report has been submitted to the~~  
87 24 ~~employer's insurance carrier and no report of injury has been~~  
87 25 ~~filed with the workers' compensation commissioner possesses~~  
87 26 ~~the information necessary to file the report~~, the insurance  
87 27 carrier shall be responsible for filing the report ~~of injury~~  
87 28 in the same manner and to the same extent as an employer under  
87 29 this section.

87 30 Sec. 123. NEW SECTION. 86.13A COMPLIANCE MONITORING AND  
87 31 ENFORCEMENT.

87 32 The workers' compensation commissioner shall monitor the  
87 33 rate of compliance of each employer and each insurer with the  
87 34 requirement to commence benefit payments within the time  
87 35 specified in section 85.30. The commissioner shall determine  
88 1 the percentage of reported injuries where the statutory  
88 2 standard was met and the average number of days that  
88 3 commencement of voluntary benefits was delayed for each  
88 4 employer and each insurer individually, and for all employers  
88 5 and all insurers as separate groups.

88 6 If during any fiscal year commencing after June 30, 2005,  
88 7 the general business practices of an employer or insurer  
88 8 result in the delay of the commencement of voluntary weekly  
88 9 compensation payments after the date specified in section  
88 10 85.30 more frequently and for a longer number of days than the  
88 11 average number of days for the entire group of employers or  
88 12 insurers, the commissioner may impose an assessment on the  
88 13 employer or insurer payable to the second injury fund created  
88 14 in section 85.66. The amount of the assessment shall be ten  
88 15 dollars, multiplied by the average number of days that weekly  
88 16 compensation payments were delayed after the date specified in  
88 17 section 85.30, and multiplied by the number of injuries the  
88 18 employer or insurer reported during the fiscal year.  
88 19 Notwithstanding the foregoing, an assessment shall not be  
88 20 imposed if the employer or insurer commenced voluntary weekly  
88 21 compensation benefits within the time specified in section  
88 22 85.30 for more than seventy-five percent of the injuries  
88 23 reported by the employer or insurer.

88 24 The commissioner may waive or reduce an assessment under  
88 25 this section if an employer or insurer demonstrates to the  
88 26 commissioner that atypical events during the fiscal year,  
88 27 including but not limited to a small number of cases, made the

88 28 statistical data for that employer or insurer unrepresentative  
88 29 of the actual payout practices of the employer or insurer for  
88 30 that year.

88 31 Sec. 124. APPLICABILITY. This division of this Act,  
88 32 relating to workers' compensation, applies to an injury  
88 33 occurring on or after July 1, 2003.

88 34 DIVISION XVII  
88 35 FINANCIAL SERVICES

89 1 Sec. 125. Section 537.2502, subsections 3 and 6, Code  
89 2 2003, are amended to read as follows:

89 3 3. A delinquency charge shall not be collected under  
89 4 subsection 1, paragraph "a", on an installment which that is  
89 5 paid in full within ten days after its scheduled or deferred  
89 6 installment due date even though an earlier maturing  
89 7 installment or a delinquency or deferral charge on an earlier  
89 8 installment may not have been paid in full. For purposes of  
89 9 this subsection, payments associated with a precomputed  
89 10 transaction are applied first to current installments and then  
89 11 to delinquent installments.

89 12 6. A delinquency charge shall not be collected under  
89 13 subsection 4 on a payment which associated with a precomputed  
89 14 transaction that is paid in full on or before its scheduled or  
89 15 deferred due date even though an earlier maturing payment or a  
89 16 delinquency or deferred charge on an earlier payment has not  
89 17 been paid in full. For purposes of this subsection, payments  
89 18 are applied first to amounts due for the current billing cycle  
89 19 and then to delinquent payments.

89 20 Sec. 126. Section 537.2601, subsection 1, Code 2003, is  
89 21 amended to read as follows:

89 22 1. ~~Except as provided in subsection 2, with~~ With respect  
89 23 to a credit transaction other than a consumer credit  
89 24 transaction, the parties may contract for the payment by the  
89 25 debtor of any finance or other charge as permitted by law.  
89 26 ~~Except with respect to debt obligations issued by a~~  
89 27 ~~government, governmental agency or instrumentality, in~~  
89 28 ~~calculating any finance charge contracted for, any month may~~  
89 29 ~~be counted as one-twelfth of a year, but a day is to be~~  
89 30 ~~counted as one three-hundred sixty-fifth of a year.~~

89 31 DIVISION XVIII  
89 32 UNEMPLOYMENT COMPENSATION SURCHARGE

89 33 Sec. 127. Section 96.7, subsection 12, paragraph a, Code  
89 34 2003, is amended to read as follows:

89 35 a. An employer other than a governmental entity or a  
90 1 nonprofit organization, subject to this chapter, shall pay an  
90 2 administrative contribution surcharge equal in amount to one=  
90 3 tenth of one percent of federal taxable wages, as defined in  
90 4 section 96.19, subsection 37, paragraph "b", subject to the  
90 5 surcharge formula to be developed by the department under this  
90 6 paragraph. The department shall develop a surcharge formula  
90 7 that provides a target revenue level of no greater than six  
90 8 million five hundred twenty-five thousand dollars annually for  
90 9 calendar years 2003, 2004, and 2005 and a target revenue level  
90 10 of no greater than three million two hundred sixty-two  
90 11 thousand five hundred dollars for calendar year 2006 and each  
90 12 subsequent calendar year. The department shall reduce the  
90 13 administrative contribution surcharge established for any  
90 14 calendar year proportionate to any federal government funding  
90 15 that provides an increased allocation of moneys for workforce  
90 16 development offices, under the federal employment services  
90 17 financing reform legislation. Any administrative contribution  
90 18 surcharge revenue that is collected in calendar year ~~2002~~  
90 19 2003, 2004, or 2005 in excess of six million five hundred  
90 20 twenty-five thousand dollars or in calendar year 2006 or a  
90 21 subsequent calendar year in excess of three million two  
90 22 hundred sixty-two thousand five hundred dollars shall be  
90 23 deducted from the amount to be collected in the subsequent  
90 24 calendar year 2003 before the department establishes the  
90 25 administrative contribution surcharge. The department shall  
90 26 recompute the amount as a percentage of taxable wages, as  
90 27 defined in section 96.19, subsection 37, and shall add the  
90 28 percentage surcharge to the employer's contribution rate  
90 29 determined under this section. The percentage surcharge shall  
90 30 be capped at a maximum of seven dollars per employee. The  
90 31 department shall adopt rules prescribing the manner in which  
90 32 the surcharge will be collected. Interest shall accrue on all  
90 33 unpaid surcharges under this subsection at the same rate as on  
90 34 regular contributions and shall be collectible in the same  
90 35 manner. Interest accrued and collected under this paragraph  
91 1 and interest earned and credited to the fund under paragraph  
91 2 "b" shall be used by the department only for the purposes set  
91 3 forth in paragraph "c".

91 4 Sec. 128. Section 96.7, subsection 12, paragraph d, Code  
91 5 2003, is amended to read as follows:  
91 6 d. This subsection is repealed July 1, ~~2003~~ 2006, and the  
91 7 repeal is applicable to contribution rates for calendar year  
91 8 ~~2004~~ 2007 and subsequent calendar years.  
91 9 Sec. 129. EFFECTIVE DATE. This division of this Act,  
91 10 concerning the unemployment compensation surcharge, being  
91 11 deemed of immediate importance, takes effect upon enactment.

#### DIVISION XIX

##### ECONOMIC DEVELOPMENT

91 14 Sec. 130. NEW SECTION. 15E.18 CITIES, COUNTIES, AND  
91 15 REGIONS == SITE PREPARATION FOR TARGETED ECONOMIC DEVELOPMENT.  
91 16 1. For purposes of this section, "region" means a group of  
91 17 two or more contiguous counties that establishes a single,  
91 18 focused economic development effort.

91 19 2. A city, county, or region, subject to the approval of  
91 20 the property owner, may designate an area within the  
91 21 boundaries of the city, county, or region for a specific type  
91 22 of targeted economic development. The specific type of  
91 23 targeted economic development shall be one of the following:

- 91 24 a. Manufacturing.
- 91 25 b. Light industrial.
- 91 26 c. Warehouse and distribution.
- 91 27 d. Office parks.
- 91 28 e. Business and commerce parks.
- 91 29 f. Research and development.

91 30 3. A city, county, or region that designates an area for a  
91 31 specific type of targeted economic development may apply to  
91 32 the department for purposes of certifying the area as a  
91 33 preapproved development site. The department shall develop  
91 34 criteria for the certification process.

91 35 4. Prior to a specific project being developed, a city,  
92 1 county, or region designating the area for targeted economic  
92 2 development pursuant to this section may apply for and obtain  
92 3 appropriate licenses, permits, and approvals for the type of  
92 4 targeted economic development project desired for the area.

92 5 Sec. 131. NEW SECTION. 15E.19 REGULATORY ASSISTANCE.  
92 6 1. The department of economic development shall coordinate  
92 7 all regulatory assistance for the state of Iowa. Each state  
92 8 agency with regulatory programs for business shall maintain a  
92 9 coordinator within the office of the director or the  
92 10 administrative division of the state agency. Each coordinator  
92 11 shall do all of the following:

- 92 12 a. Serve as the department of economic development's  
92 13 primary contact for regulatory affairs.
- 92 14 b. Provide regulatory requirements to businesses and  
92 15 represent the agency in the private sector.
- 92 16 c. Monitor permit applications and provide timely permit  
92 17 status information to the department of economic development.
- 92 18 d. Have the ability to require regulatory staff  
92 19 participation in negotiations and discussions with businesses.
- 92 20 e. Notify the department of economic development regarding  
92 21 proposed rulemaking activities that impact a regulatory  
92 22 program and any subsequent changes to a regulatory program.

92 23 2. The department of economic development shall, in  
92 24 consultation with the coordinators described in this section,  
92 25 examine, and to the extent permissible, assist in the  
92 26 implementation of methods, including the possible  
92 27 establishment of an electronic database, to streamline the  
92 28 process for issuing permits to business.

92 29 3. By January 15 of each year, the department of economic  
92 30 development shall submit a written report to the general  
92 31 assembly regarding the provision of regulatory assistance by  
92 32 state agencies, including the department's efforts, and its  
92 33 recommendations and proposed solutions, to streamline the  
92 34 process of issuing permits to business.

#### DIVISION XX

##### UTILITY SALES TAX EXEMPTION

93 1 Sec. 132. Section 422.45, subsection 61, paragraph b,  
93 2 subparagraphs (2), (3), (4), and (5), Code 2003, are amended  
93 3 to read as follows:

93 4 (2) If the date of the utility billing or meter reading  
93 5 cycle of the residential customer for the sale, furnishing, or  
93 6 service of metered gas and electricity is on or after January  
93 7 1, 2003, through ~~December 31, 2003~~ June 30, 2008, or if the  
93 8 sale, furnishing, or service of fuel for purposes of  
93 9 residential energy and the delivery of the fuel occurs on or  
93 10 after January 1, 2003, through ~~December 31, 2003~~ June 30,  
93 11 2008, the rate of tax is three percent of the gross receipts.

93 12 (3) If the date of the utility billing or meter reading  
93 13 cycle of the residential customer for the sale, furnishing, or  
93 14



93 15 service of metered gas and electricity is on or after ~~January~~  
93 16 ~~1, 2004~~ July 1, 2008, through ~~December 31, 2004~~ June 30, 2009,  
93 17 or if the sale, furnishing, or service of fuel for purposes of  
93 18 residential energy and the delivery of the fuel occurs on or  
93 19 after ~~January 1, 2004~~ July 1, 2008, through ~~December 31, 2004~~  
93 20 June 30, 2009, the rate of tax is two percent of the gross  
93 21 receipts.

93 22 (4) If the date of the utility billing or meter reading  
93 23 cycle of the residential customer for the sale, furnishing, or  
93 24 service of metered gas and electricity is on or after ~~January~~  
93 25 ~~1, 2005~~ July 1, 2009, through ~~December 31, 2005~~ June 30, 2010,  
93 26 or if the sale, furnishing, or service of fuel for purposes of  
93 27 residential energy and the delivery of the fuel occurs on or  
93 28 after ~~January 1, 2005~~ July 1, 2009, through ~~December 31, 2005~~  
93 29 June 30, 2010, the rate of tax is one percent of the gross  
93 30 receipts.

93 31 (5) If the date of the utility billing or meter reading  
93 32 cycle of the residential customer for the sale, furnishing, or  
93 33 service of metered gas and electricity is on or after ~~January~~  
93 34 ~~1, 2006~~ July 1, 2010, or if the sale, furnishing, or service  
93 35 of fuel for purposes of residential energy and the delivery of  
94 1 the fuel occurs on or after ~~January 1, 2006~~ July 1, 2010, the  
94 2 rate of tax is zero percent of the gross receipts.

94 3 DIVISION XXI  
94 4 EFFECTIVE DATE

94 5 Sec. 133. EFFECTIVE DATE. Unless otherwise provided in  
94 6 this Act, this Act takes effect July 1, 2003.  
94 7  
94 8  
94 9

94 10 \_\_\_\_\_  
94 11 CHRISTOPHER C. RANTS  
94 12 Speaker of the House  
94 13

94 14 \_\_\_\_\_  
94 15 MARY E. KRAMER  
94 16 President of the Senate  
94 17

94 18 I hereby certify that this bill originated in the House and  
94 19 is known as House File 692, Eightieth General Assembly.  
94 20  
94 21

94 22 \_\_\_\_\_  
94 23 MARGARET THOMSON  
94 24 Chief Clerk of the House  
94 25

94 26 Approved \_\_\_\_\_, 2003  
94 27  
94 28

94 29 \_\_\_\_\_  
94 30 THOMAS J. VILSACK  
Governor